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26 April 1984

LATIN AMERICA REPORT

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CAVALCANTI VIEWS ITAIPU OPERATIONS, DELAYS, COSTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Mar 84 p 51

[Article by Milano Lopes: "Itaipu Begins Operating in April"]

[Text] Foz do Iguazu--Within a month electric power users of Asuncion, Paraguay, will be using power from Itaipu. At the end of August it will be the turn of the people of Sao Paulo to receive power from the Brazilian-Paraguayan hydroelectric powerplant, which is approaching the final phase of its construction. Its total cost will be around \$15,950,000,000, of which nearly \$5,995,000,000 is for direct loans or financing costs.

Receiving a delegation of foreign and Brazilian correspondents at Itaipu, who had been invited by the company and the World Bank for a visit to the project, the president of the Itaipu Binational, General Costa Cavalcanti, explained that only by the end of this year or early next year will it be possible to begin commercial operations, which presupposes the "firm and permanent" supply of power with all reliability.

"Naturally," he said, "an experimental phase could justify a partial halt for tests and adjustments or for the solution of small problems arising during construction," although the power provided, of an experimental nature, will not be free. It will be paid for by customers, Brazilian as well as Paraguayan.

The president of Itaipu explained that in 1983 the expenditures on the project totalled \$900 million and this year they will be reduced to \$650 million, which added to the \$550 million in financing costs represent an overall expenditure of \$1.2 billion. According to Costa Cavalcanti, up to the end of last year the overall expenditures on the project, which generates 12.6 million kilowatts, had reached \$6.7 billion, and that from January of this year to December 1990, when it is expected the hydroelectric powerplant will be completely finished, more than \$2.6 billion will have been spent.

Of the total cost, ELETROBRAS [Brazilian Electric Power Companies, Inc] shared 57 percent or \$8.7 billion, with the rest shared by other government agencies such as the BNDE, the BNH [National Economic Development Bank and National Housing Bank, respectively] and the Bank of Brazil. Only \$612 million in "buyers credits" have been used up to now, which is 4 percent of the total cost of the undertaking. General Costa Cavalcanti, in explaining that small

amount, declared that the share of foreign equipment in Itaipu is small because even the 18 turbines with a nominal capacity of producing 700 Mw each, will be made in Brazil by a consortium of national and foreign companies with headquarters in Paris.

Itaipu and the Crisis

No talk about the crisis could be heard at Itaipu. At this time there are more than 11,000 people working on the project, of whom 6,500 are Brazilians and 4,500 Paraguayans, and another 70 persons, mostly technicians of other nationalities. General Costa Cavalcanti explained that the delay in going into operation of the first units, as well as the 2-year postponement for the final phase of construction of the project was due exclusively to the lack of a market because the recession caused the demand for electricity in the area supplied by Itaipu to decline.

The president of the company acknowledged that there was also a delay in the construction of the transmission line on the Brazilian side, which would carry the power from Itaipu to the consumer centers of Sao Paulo and other states of the southeast. He said this resulted from a lack of funds by ELETROBRAS and not Itaipu because Itaipu is only responsible for construction of the powerplant. Meanwhile, within 30 days, the Paraguayans will receive electricity from Itaipu in Asuncion, precisely because they already have a transmission line which transports the power from COPEL [Paraguayan Electric Company] to the Paraguayan market.

The first turbine at Itaipu went into experimental operation on 22 December last year, remaining in operation for some days, since the binational management made it a requirement that there be a strict quality control of all equipment. Now, after 2 months of experimental operation, the first unit was open to a complete inspection, and will be shut down once more in coming days, after which it will renew its operations, this time providing power to its customers in an experimental phase.

Consumption

The Paraguayan market has a limited demand capacity which does not exceed 200,000 kilowatts, generally provided by COPEL. The great mass of power from Itaipu will also be purchased by ELETROBRAS for supplying the Brazilian market. Despite the recession which afflicts the economy of the country for the past 3 years, consumption of power has not decreased, stimulated by electrothermy [as published] a process of substituting hydroelectric power for petroleum power.

In the calculations of ELETROBRAS, the southern region will receive an additional hydroelectric generation of 1,637 megawatts next year, a supply which in the year 2000 will reach 10,896 megawatts, thus justifying the great importance of Itaipu. ELETROBRAS believes that the southeast will need an additional supply of 3,143 megawatts in 2000, which will be supplied by hydroelectric powerplants of the Amazon region.

General Costa Cavalcanti recalls that in the past 3 years the rate of consumption of power in the country has been growing at an average of 7 percent. This year, based on the indications of the first quarter, he believes that power consumption will show an increase of 8 percent, which requires "permanent attention" to the supply of power.

8908

CSO: 3342/87

PETROBRAS PROJECTION OF OIL SELF-SUFFICIENCY BY 1990 UNCONFIRMED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Mar 84 p 39

[Text] Minister of Mines and Energy Cesar Cals did not confirm the news yesterday that PETROBRAS [Brazilian Petroleum Corporation] seeks to step up by 3 years the daily production of 1 million barrels, making the country self-sufficient in the sector in 1990, but said that he was "satisfied" with the announcement because "The more talk there is about energy sovereignty, the better."

According to a document which the minister of mines and energy is preparing to be presented shortly to President Figueiredo, petroleum self-sufficiency of Brazil will be reached in 1993 with total expenditures in the energy sector of \$113 billion, mostly in cruzeiros, with an effort in production, not only in the area of petroleum, but also in alternative energy sources which should replace the equivalent of 350,000 barrels of petroleum 10 years from now.

The report revealed yesterday by a Rio de Janeiro newspaper only mentions the expenditures in the petroleum sector in Campos Bay, which totalled \$1.2 billion. The minister of mines and energy declared that it would be very good for that to happen, but added that apparently the businessmen who revealed it only took petroleum into account, disdaining alternate sources, among them steam coal, natural gas, uranium and sugarcane.

Cals confirmed that PETROBRAS is being harmed by the strategy selected of selling alcohol on the U.S. market. Thinking of moving the product quickly, INTERBRAS [PETROBRAS International Trade], through its U.S. subsidiary INTERNOR, imported a large amount of alcohol and stored it in leased tanks in Texas and California.

According to the minister of mines and energy, the sales were much smaller than expected and the alcohol remained stored for longer than planned. In view of that, INTERNOR changed the initial strategy and found U.S. byproduct distributing companies which took it upon themselves to be responsible for direct sales of alcohol.

The minister says that "INTERBRAS provided a profit," as far as he knows, refusing to comment on the report that the 1983 profits of the company were fictitious.

Structure of Supply of Primary Energy
(1,000 EBP--Equivalent in barrels of petroleum per day)

Energy Sources	1983		1993	
	EBP	%	Independence	%
National petroleum	339	11.1	1000	24.5
Imported petroleum	729	24.0	--	--
Natural gas (1)	73	2.4	323	7.9
National coal	53	1.7	147	3.6
Imported coal	74	2.4	100	2.4
Wood	598	19.7	809	19.8
Sugarcane (2)	225	7.4	405	9.9
Waterpower (3)	939	30.9	1190	29.1
Uranium	---	---	111	2.7
Others	11	0.4	4	0.1
Total	3,041	100	4089	100

Notes: (1) Includes reinjection and own consumption
 (2) Does not include cane for sugar industry
 (3) Ratio of 1 mWh per 0.29 equivalent ton of petroleum

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TECHNOLOGICAL LIMITATIONS, HIGH COSTS AFFECT MICRODISTILLERIES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Mar 84 p 52

[Text] The lack of a business attitude, high financing costs and technological shortcomings are the main factors which make the future of the microdistilleries in the PROALCOOL [Alcohol Production Program] uncertain. At this time there are 45 microdistilleries in the country in different regions but concentrated in the center-south, with a production capability of approximately 200,000 liters of alcohol per day. However, the lack of a business attitude has reduced their efficiency and productivity.

The lack of business attitude, according to technicians of the National Alcohol Executive Commission (CENAL) and of the Secretariat for Industrial Technology (STI), is demonstrated by the fact that businessmen do not run the microdistilleries installed in their properties at full capacity because they are not a decisive component in their businesses and only use them marginally and without treating them as a business. Government distilleries exist for research and there is no concern about profits.

Therefore, being subsidized, the majority of the microdistilleries are not economically feasible. That aspect has prevented CENAL from establishing guidelines for encouraging those interested in installing microdistilleries because the uneconomic nature of those already installed is always pointed out and always makes financing more difficult.

In order for distillery projects to be successful, in addition to businesslike vision, they also need the guarantee that they will have a market in view of the fact that there is the possibility that a large distillery will be built near them which will produce at more competitive costs and tend to put them out of business in the medium term.

However, the technicians of CENAL and STI are sceptical with respect to the future of the microdistilleries. The businessman prefers to put his money in the financial market, which is paying between 12 and 15 percent, rather than investing in microdistilleries.

Cooperatives

One of the solutions seen by technicians is the possibility of the creation of cooperatives of farmers to manage them. Each of the farmers would reserve a part of his property for planting the 200 hectares of sugarcane required for the operation of a microdistillery with a capacity of 5,000 liters per day, and they would manage it together.

That solution, they admit, may be hampered by the technological limitations of the equipment needed for the installation of a microdistillery. The lack of technical help by the manufacturers of equipment is considered one of the main factors of the low productivity of the distilleries and that is why that industrial sector does not yet inspire confidence. The majority of that equipment, according to the technicians, is not outstanding because of its quality and there has been no technological innovation. Therefore, the microdistilleries lack competitiveness permanently because they depend on four workers, as an average, to bring the raw material, the sugarcane, to be milled.

Under those conditions it becomes difficult to induce the businessmen to invest in microdistilleries due to the fear that there will be no return on capital. The withdrawal of subsidies contributed even more to increasing that fear, since investment required is significant. Not just any businessman, say the technicians of STI and CENAL, is willing to pay out 240 million cruzeiros of his own money for installing a microdistillery.

That is why the technicians believe that only the large farmer would be in a condition to invest. However, since the microdistillery in terms of quality, efficiency and productivity is a risky endeavor, the businessman with available capital may prefer the installation of minidistilleries--10,000 liters per day capacity--under a cooperative system because they have the same technology developed for the large distilleries and produced at a lower cost than the microdistilleries despite having a cost which is much higher: approximately 1.7 billion cruzeiros.

Uncertain Future

The difficulties for the expansion of microdistilleries resulting from their high financing costs and technology shortcomings compared to the technology existing for distilleries with a capacity of 10,000 liters per day and above, makes their future uncertain. Without subsidized resources, say the technicians, only the large farmers will be willing to invest and if they do so they will primarily bear in mind the cost-profit ratio to insure a return from capital. The existing microdistilleries are not maintaining that ratio because they are not managed properly and there is no certainty that the installation of others under more difficult circumstances, such as the present, is an economically valid option for the coming years, say the technicians.

MME ALCOHOL PRODUCTION GOAL FOR CENTER-WEST REGION DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Mar 84 p 51

[Text] Alcohol production in the center-west region during the last harvest reached nearly 288 million liters. However, the goal of the Ministry of Mines and Energy (MME) for the center-west is to reach the level of 1.3 billion liters in the period of 5 years. This would mean that an area of 2,740 square kilometers would be added to PROALCOOL [Alcohol Production Program], representing 12 percent of the potential capacity of alcohol production in the country.

Those figures are contained in the document "Subsidy of the MME for the Region Aimed at Producing Energy Independence," revealed this week and which is aimed at orienting the states as to the actions being delineated within the program "Energy Independence, a Goal for 1993," of the Ministry of Mines and Energy.

According to the document, the numbers now revealed, although relevant, do not yet reflect the total potential of the region "If we consider the land suitable for planting sugarcane, since its territorial area is 1.9 million square kilometers."

The political, social and economic importance of the center-west region, says the MME document, has always been emphasized in the meetings of CENAL (National Alcohol Commission), primarily in its energy sector, where the potential to be exploited represents at this time the best alternative for the expansion of PROALCOOL in the medium and long terms in view of the saturation of the other regions in terms of areas planted in sugarcane.

Therefore, there are possibilities that even the goal of regional production will be redimensioned. In addition to the 52 projects already planned--which will fulfill the goal of 1.3 billion liters of alcohol in 5 years--another 40 new proposals are under study at the CENAL/MME, which would raise total production of the region to more than 2.3 billion liters, representing nearly 19 percent of the total capacity of the country in 1990.

At this time the growth of the last harvests shows that within a few years the region will become self-sufficient (the present deficit is 120 million liters, which are imported from Sao Paulo). The 83/84 harvest resulted in a production of 288 million liters, higher by 178 percent than the 82/83 harvest. This represents the greatest increase in supplies in the country, since expansion on the national level was around 40 percent on the average.

It is also worth emphasizing, says the superintendent of SUDECO [Superintendency for Developing the Center-West Region], Rene Pompeo de Pina, that PROALCOOL created nearly 14,000 jobs in production of the last harvest. In 1990 that number should be 60,000 workers employed directly by the program in addition to a like number of jobs created in parallel activities.

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ELECTRIC ENERGY USE RISES 15.8 PERCENT NATIONWIDE IN FEBRUARY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Mar 84 p 34

[Text] Energy consumption in the country increased 15.8 percent in February compared to an increase of 9.1 percent during the same month in 1983. The main reason for the increase was the marked rise in industrial consumption influenced by a greater use of electricity as a substitute for fuel oil.

According to ELETROBRAS [Brazilian Electric Power Companies, Inc.] figures, the rate of increase in the industrial sector, which represents nearly 51 percent of total electric energy consumption, reached 8.5 percent in the 12 months between March 1983 and February 1984, compared to 6.3 percent during the same period in the previous year. In the two other sectors of electric energy consumption--residential and commercial--consumption fell in the 12 months ending with February. Residential consumption was 8.6 percent compared to 10.6 percent in the previous 12 months, while commercial consumption registered an increase of 7.2 percent from March 1983 to February 1984, compared to 9.7 percent in the previous period.

In February, taking the different regions of the country into consideration, the greatest increase took place in the northeast, with an increase of 18.7 percent. In the center-west region, electric energy consumption increased 17.2 percent; 12.8 percent in the southern region, 16.1 percent in the southeastern region and 6.7 percent in the northern region.

CESP

Industrial energy consumption during January and February increased 23 percent in the concession area of the CESP (Sao Paulo Power Company) by comparison with the same period last year, according to preliminary figures revealed yesterday by the Sales Department of the Company.

There was also an increase in other consumption categories (commercial, rural, residential and the state sector), but these at levels considered normal for the period under study.

The surprising increase in industrial consumption was due, according to the manager of the Sales Department, Carlos Roberto Silvestrin, mainly to the advance in the process of substituting electric power for petroleum byproducts, which was responsible for almost 60 percent of the increase confirmed in the first quarter of this year.

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PRESENT LABOR'S STRUCTURE OUTLINED, TACTICS REVIEWED

Buenos Aires SOMOS in Spanish 23 Mar 84 pp 14-17

[Article by Pedro O. Ochoa; passages enclosed in slantlines printed in bold-face]

[Text] On Thursday the 15th the Senate voted down the Union Reorganization Act and the government took a while to recover from the political setback. That was reflected in the confusion of the first days and the statements by some high-ranking officials. While the president of the Radical bloc, Cesar Jaroslavsky, and the minister of the interior, Antonio Troccoli, threatened to invoke Law 22,105 of the military regime, Senator Luis Brasesco mentioned the possibility of applying Covenant 87 of the International Labor Organization (ILO) on labor union freedom.

Beyond these changes, few in Argentina today really understand the structure of the oft-mentioned /labor union power/ and the legal status of the principal labor organizations. To know the current status of that structure is to know a great deal about the true center of gravity of the issue that has been keeping government officials awake nights for 3 months and has been bombarding newspaper readers with many inches of column space each day. /"If at this moment President Alfonsin were to ask us for details about the labor union situation, he would put us on the spot,"/ confessed a high official of the Labor Ministry, acknowledging how confused the situation is in that area.

Some labor organizations are still feeling the effects of the government intervention that took place after the military coup of 24 March 1976; others have had military officials replaced by provisional commissions designated during the Process that ended on 10 December; there are some unions that still have the executive commissions that were in place before 23 March 1976, whose terms were extended; there are organizations that chose to hold elections for leaders under legislation passed by the military regime; and still others that have authorities named by the Labor Ministry after Alfonsin took office. These unions make up a complex picture that will be cleared up only when this sector is normalized.

The military regime that overthrew the Peronists undertook a drastic reform of the Peronist labor union structure, and for that purpose in November 1979 promulgated Law 22,105 on Labor Organizations of Workers, which derogated Law 20,615 on Professional Associations, passed by Congress in 1974.

The unions bitterly opposed this law, claiming it was unconstitutional, and put the military authorities in an embarrassing position when they openly denounced it before the ILO. The ILO was about to impose /moral sanctions,/ as it does against countries that do not honor its pacts.

The normalization process proposed by the military made little progress (only 290 unions elected officers, and none of them was a major organization except for the Banking Association). In the larger unions (the /Metalworkers Union, the Textile Workers Association, the Trade Union of Mechanics and Related Automotive Transportation Workers,/ etc.), the military "interventors" were replaced with provisional commissions.

Now there are 94 unions still subject to /intervention/ (although the military officials retreated on orders from their respective commanders and were replaced with deputy administrators or deputy normalizers). Within this category fall organizations such as the Construction Workers Union of the Argentine Republic (UOCRA), with 186,614 members.

Another 111 unions have provisional commissions named by the last military government. The most important unions are in this situation: /textile workers (86,919 members), the Metalworkers Union (UOM - 287,587), Light and Power (85,327), the Trade Union of Mechanics and Related Automotive Transportation Workers (SMATA - 86,908),/ etc.

Leaders

In 612 unions the leaders are the same executive commissions that held office before 23 March 1976, their terms having been extended. This is the case with unions such as the plastics workers (led by Jorge Triaca), brewery workers (among whose leaders is Saul Ubaldini) and all government employees.

The most numerically and politically important unions now have /provisional commissions/ that were named by the last government, and the dispute between the government party and the Peronist opposition revolves around the way they should be normalized.

The Peronists predominate in the leadership of the larger labor organizations, and the leaders of the provisional commissions are part of the /CGT/ leadership or of the /62 Organizations/—or both at the same time. Examples of them are Lorenzo Miguel and Luis Guerrero of the /UOM/; Pedro Goyeneche of the /Textile Workers Association (AOT)/, Jose Rodriguez and Ruben Cardozo of /SMATA,/ Aldo Serrano of /Light and Power,/ Lesio Romero of the /Federation of Meat Workers,/ and Diego Ibanez of the /United Trade Union of State Petroleum Workers (SUPE)./

The Labor Ministry officials appointed by Alfonsín tried to reverse that trend by replacing the provisional commissions, most of them Peronists, with government delegates. They had success only in the /Railworkers Union,/ where Alberto Garay assumed power after the group headed by Raul Ravitti was displaced.

When the Executive Branch tried to repeat this procedure with the oil and telephone workers' federations, there was real resistance by the Peronist leadership, and several rulings were handed down against the Radical authorities.

The Senate's rejection of the government's Union Reorganization bill complicated government plans to bring the sector back to normal. That bill gave the Labor Ministry the power to maintain, dissolve or increase the number of the provisional commissions and those with extended terms, which would facilitate the incorporation of groups opposed to the traditional Peronist leadership with positions much closer to that of the government.

The government believes that both the provisional commissions and those with extended terms are "de facto" executive organs because the former were designated during the military regime and the latter remain in office thanks to measures taken by military authorities.

The Peronists counter that argument by pointing out that those whose terms were extended /did not renew their titles/ in elections because the military government did not allow them to do so, and as for the provisional commissions, they note that although they were validated by the military authorities, they were chosen by organic bodies (national plenums, congresses of delegates, etc.)

Now What?

Throughout this tremendous game of interests and pressures, several fronts have emerged which must now reconsider their strategy. Here is a list of the prospects and the handful of possibilities available to these groups since the law was voted down:

The Government: Any moment now a meeting is to take place between Raul Alfonsin, the officials of the Labor Ministry and Radical legislators, at which the president will decide among the various alternatives available to the government in terms of the reorganization of the unions. These alternatives appear to be the following:

1) /Enforce Law 22,105 on Trade Union Associations of Workers, promulgated by the previous military government./ This alternative will involve a high political cost, because Alfonsin promised to derogate this law. In addition, the Argentine Government would be opening itself up to challenges by international labor organizations. The /International Conference of Free trade Union Organizations (ICFTUO)/ has just recommended to the Argentine Government that it avoid implementing laws passed by the /dictatorship/ so that it can bring this sector back to normal and engage in dialog with the CGT.

On the other hand, the Argentine judiciary itself could hand down adverse rulings, as happened when the Labor Ministry tried to intervene in the oil and telephone federations without waiting for legal sanctions.

- 2) /Restore Law 20,615 on Trade Union Associations of Workers, passed during the previous constitutional government./ This possibility should be rejected due to the severe repudiation of the law by the Radicals.
- 3) /Implement the ILO's Covenant 87 on Union Freedom./ For some trade unionists and officials, this raises the possibility of /disintegrating the unions,/ but the CGT claims that this will not necessarily occur, and it cites the examples of the United States, Great Britain, the Federal Republic of Germany, Canada, Sweden, etc., where Covenant 87 is honored and there is a single labor federation.
- 4) /Implement Article 14 bis of the National Constitution,/ which calls for the functioning of /free and democratic/ labor organizations, recognized as such by merely being recorded in a special registry.
- 5) Resume talks with the Peronist legislators and with the CGT.

The CGT: The labor federation wasted no time in taking advantage of the favorable circumstances created by the Senate's rejection of the government's bill, and immediately demanded the derogation of Law 22,105 and the restoration of Law 20,615. At the same time, it designated a dozen attorneys to study the legal feasibility of instructing union members to call elections in 120 days, in accordance with the bylaws.

It simultaneously rejected the possibility of the government's enforcing Law 22,105, and agreed with the ICFTUO that if the government tries to do so, it will immediately complain to the ILO. It will also bring the issue up at the annual assembly in June.

The Justicialists: The Justicialist legislators are preparing to invite their Radical colleagues to resume negotiations on the basis of restoring Law 20,615 to hold elections. Talks are also beginning to discuss the future basic law on Professional Associations.

There were still some hard feelings between Radicals and Peronists in the Chamber of Deputies. /Ruben Cardozo,/ for example, is offended because he claims /Cesar Jaroslavsky/ "buttonholed" him when he arranged the meeting between /Lorenzo Miguel and Alfonsin,/ violating a pact of silence.

Labor Sectors Close to the Government: Here there are differences of opinion. The National Trade Union Renewal Movement (MNRS) is simply awaiting /Alfonsin's/ decision so it can support him.

The Argentine Trade Union Assembly (AGA), led by Jose Baez (insurance workers) and Blas Alari, proposed that a commission be named, chaired by the government and made up of equal numbers of representatives of the CGT and the Trade Union Liaison Board, to decide how to implement the electoral part of Law 22,105 so that elections can be held /"as soon as possible."/

The initiative has no hope of success, however, because the CGT is not willing to sit at the same table with these groups.

This is a decision made by the CGT leaders, and it will extend to any multi-sector organizations that may join the government and management; the CGT will participate only if it is recognized as the sole representative of labor.

Status and Membership of Unions

Principal trade unions subject to intervention, with provisional commissions or normalizing delegates, and number of members:

Metalworkers	287,587
Railworkers	170,647
Construction	186,614
Textiles	86,919
SMATA	86,908
Light and Power	85,327
UPCN	78,460
Rural	72,677
Restaurant	57,252
Meat	48,820
Telephone	31,465
SUPE (oil)	28,858

Trade unions with executive commissions whose terms have been extended, and number of members:

Retail	279,526
ATE	105,000
Health	60,599
Municipal	52,864
Food	41,158
UTA (drivers)	36,394
Traveling Salesmen	27,646
Brotherhood	19,228
Miners	19,121
Plastics	18,993
Taxi Drivers	18,000
Soft Drinks	14,102

Trade unions with authorities elected in elections under Law 22,105, and number of members:

Banking Association	127,594
Federal Capital	
Retail Workers	95,984
Port Workers	12,490

Who's in Power in the Unions

From Triaca and Ubaldini to Andres Framini, including Ongaro, Guillan and Fernandez, there is a long list of labor union leaders who are developing alliances or confrontations to gear up for the next stage.

In the past few months in the upper echelons of union power, a thaw appears to have been taking place. In the heat of the new government, realignments, new alliances, and new union leaders have emerged. The spectrum includes not only the traditional CGT, now unified, but a broad range of trade unionists and groups that are struggling to establish their own political niche. It is important to know who these leaders are and where they fit into the picture to understand what is happening in the labor movement.

CGT

Secretaries general: Saul Ubaldini (brewery workers), Jorge Triaca (plastics workers), Osvaldo Borda (rubber workers), and Ramon Baldassini (Federation of Postal and Telecommunications Workers - FOECYT).

Former CGT of Brasil

Saul Ubaldini (brewery workers), Roberto Garcia (taxi drivers), Roberto Digon (tobacco workers), Carlos Cabrera (miners), Ricardo Perez (truckdrivers), Alfonso Millan (glass workers), Hugo Curto (metalworkers), Cesar Loza (port workers), Andres Mancuso (Light and Power), Carlos Godoy (private oil workers), Luis Pecora (UOCRA), Marcos Alvarez (SUPE), Juan Jose Zanolá (bank workers), Manuel Diz Ray (traveling salesmen), Ramon Valle (insurance), Fernando Donaires (paper workers), Juan Jose Castillo (amalgamated drivers).

Former CGT of Azopardo

Jorge Triaca (plastics workers), Luis Guerrero (UOM), Pedro Goyeneche (textile workers), Armando Cavalieri (retail workers), Aldo Serrano (Light and Power), Rafael Valle (chemical workers), Ruben Pereyra (Sanitation Works), Juan Angel Perrone (Federation of Telephone Workers and Employees of the Argentine Republic - FOETRA), Enrique Venturini (ship electricians), Ramon Baldassini (telecommunications and postal workers), Juan Horvath (Association of State Workers - ATE), Ruben Cardozo (SMATA), Avelino Fernandez (leather workers).

Trade Union Liaison Board

This is made up of four groups: The /National Trade Union Renewal Movement (MNRS)/ (Alfonsin supporters); the /Argentine Trade Union Assembly,/ comprising primarily Peronists dissatisfied with the current leadership; the /National Workers Conference (ENTRA),/ made up of combative Peronists and various leftist factions; and the /National Union Plenary,/ leaders of revolutionary Peronism.

National Trade Union Renewal Movement

This group was Raul Alfonsin's labor backing during the election campaign, and from its ranks emerged the current labor minister, /Antonio Mucci./ Its leaders are not very well known, and the leadership is undergoing an expansion. It now consists of representatives of 60 different organizations and 40 regional groups in the interior of the country:

Norberto Fernandez (State Gas), MNRS secretary general; Nestor Rompani (judicial workers), Hugo Rizzutto (State Gas), Adolfo Yaciuc (railworkers), Hector Sarlo (UOM), Reolindo Vazquez (municipal workers), Eduardo Paterno (railworkers).

Argentine Trade Union Assembly

Founded after 10 December last year, this organization is made up of Peronist leaders who oppose the current union leadership. They head relatively important factions or sectors of some 50 organizations.

The organization's leaders come from a variety of backgrounds, and are now in open opposition to their respective unions, such as Blas Alari against Fernando Donaires in the paper workers' union; Juan Carlos Maso against Triaca in the plastics workers' union; and Jose Baez against Ramon Valle in the insurance workers' union:

Bals Alari (paper - Bernal) (former deputy secretary of the Federation); Jose Genaro Baez (insurance) (secretary general until March 1976); Juan Carlos Maso (plastics) (head of the Northern Zone sector); Aldo Hermoso (chemical workers); Juan Reynoso (municipal workers); Guillermo Cardozo (loading and unloading); Marta Gimenez (UDA); Miguel Angel Muga (UOCRA); Jose Cerquetti (bank workers); Juan Benitez (SUPA).

National Workers Conference

The /National Conference of Argentine Workers (ENTRA)/ was also founded after Raul Alfonsin took office, and its main characteristic is that in addition to dissident Peronist leaders, it has a notable component of leftists of various factions.

Prestigious leaders such as Julio Guillan (telephone workers) and Alberto Piccinini (UOM) are members of ENTRa. The organization supported the government's union reorganization bill as a point of departure for returning the sector to normalcy:

Julio Guillan (telephone); Alberto Piccinini (UOM); Alberto Cortez (newspaper vendors); Sergio Peralta (journalists); Roberto Nagera (SMATA); Omar Gorini (judicial workers); Daniel Egea (meat packing); Carlos Gonzalez (grain receivers); Jorge Durini (textile workers); Walter Vezza (municipal workers); Ruben Castro (mosaic workers); Geronimo Alvarez Prado (merchant marine); Anselmo Polvorari (food workers); Renato Arnould (public events workers); Juan Francisco Arce (Trade Union of United Maritime Workers - SOMU); Nemesio Aguirre (banking workers).

National Trade Union Plenary

The /National Trade Union Plenary,/ led by veteran textile workers' leader /Andres Framini,/ includes leading figures in "Revolutionary Peronism," according to its own members, and is close to the Peronist Intransigence and Mobilization Group.

It is known for its strong opposition to and challenge of what it calls /union bureacracy,/ and it lent moderate support to the new union bill:

Andres Framini (textile workers); Antonio Garcia (municipal workers); Francisco Gutierrez (metalworkers); Orlando Maciel (port workers); Jorge Salmon (railroad-port workers); Ricardo De Luca.

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TRIACA DEFINES POINTS OF FRICTION WITH GOVERNMENT

Buenos Aires SOMOS in Spanish 16 Mar 84 pp 20-23

[Interview with plastics workers leader Jorge Triaca by Rolando Hanglin; date, time and place not given; passages enclosed in slantlines printed in boldface]

[Text] [Question] Things have really heated up, haven't they?

[Answer] Yes, they have. It is hard to talk to these people. Now it seems they have God on their side.

[Question] Are you referring to Alfonsin?

[Answer] Sure, they are deifying him. And they'd better be careful, because that man is not God, or even Peron. I think he's even less a "caudillo" than Illia.

[Question] Wow!

[Answer] Sure; the thing is, he came in with 52 percent of the vote and not 20. He's also a man of character, and in this country so devoid of personalities, anyone with a little temperament sweeps everything before him.

[Question] Wait, let's put a little order in this. Are the trade unionists fighting the government because wages aren't keeping up, or because the Normalization Law can wrest power from them?

[Answer] Because we feel we have been wronged. Pushed around. From the beginning, on 30 October, Mr Mucci took labor union dissidents to the Hotel Panamericano. That is, he began to mount an alternative union movement, practically under his own command. Then those of us who were in the trenches along with the Radicals, fighting for democracy, had a rude awakening. It is one thing to try to rein in the military or the financial sector. I think that's just dandy. But all of a sudden he starts treating us like enemies.

[Question] Do you think the government should treat the military or financiers like enemies?

[Answer] No, not them either. That's why I say /"rein in."/ Normalize. Put everything on the up and up. I do not believe in the policy of dividing

and fiercely attacking. I hope for justice, nothing more. What good does it do us to throw Martinez de Hoz out of the race? That is getting revenge, not doing justice. Anyway, Martinez de Hoz will continue to advise our foreign creditors. What we must do is develop to the point that we can replace Martinez de Hoz with another adviser. . . Do you understand what I'm getting at? As for the rest, I don't accuse or demand anything. I am sick of accusations. Let the judiciary determine what is illegal or punishable.

[Question] And do you people believe that they want to get revenge against the General Confederation of Labor (CGT)?

[Answer] I am afraid so. They want to plant pro-government officials in the unions, to get us out of the unions and beat us in our home field. Hence the cutbacks and other violent attitudes. With the quasi sanctioning of deputies we already saw the /"championship final,"/ not a civil debate. It is one thing to democratize the unions, eliminate the corporativist elements that may exist in our structure, all of which is fine with us; and it is quite another thing to impose official views on the labor movement. Absolutely. It all goes to create an atmosphere of mistrust, of resentment, and we stop getting along. More books condemning "alpargatas"?

[Question] Your comment that "the Franja Morada dandies will have to take care of the government" did not turn out very well.

[Answer] I myself, who like to think that I am well-mannered, educated and prudent, allow myself to get carried away with that game. But the comment about the dandies was made at a plenary meeting of secretaries general where there were 150 of us who felt under attack by the government. That should not be taken out of context. We have all created the democratic order, and we all will preserve it. You do not have to kowtow to Alfonsin to be a democrat. Were people bothered by that business about the dandy? Well, that's democracy. Dissent. Opposition. We cannot all always kick toward the same goal.

[Question] Anyway, it is difficult to understand the Peronists. After 40 years of controlling the unions . . . do you fear losing the elections?

[Answer] Not at all! Union elections must be held, and very soon. We cannot go on like this. It is hard to see a major change taking place; the internal elections will probably show a return to normalcy. What we cannot agree to is for them to impose an administrator on us to manage the union. Why? If we opposed the military intervention, then we oppose an official administrator! What we need is a board of trustees to guarantee checks or other actions by union authorities, and an electoral inspector to oversee the elections and make sure they are clean and above-board. But as for de facto situations, they should be left alone. Just as they did with the political parties.

[Question] So you don't want to stop the democratization of the unions?

[Answer] On the contrary; I want union democracy right away. Not an administrator /"for an indefinite period."/ No. Elections in 120 days, 180 at the most. And I want everything to proceed normally and naturally. What I am

wondering is, Why is there so much talk of union normalization? Why is this being dragged out? Why not plunge right into internal democracy?

[Question] Probably because you do not accept the "interventors" . . .

[Answer] Well, they keep inventing new ones every day. Look, this business of giving the minorities a role in the internal commissions was already done in '55, with military interventions, and it failed. Now they may try it again; fine, with a democratic government that has a 52 percent consensus. But this is what is happening: We cannot /coparticipate/ in official policy. I don't know what results the government's economic measures will yield. The situation is very difficult. If we are placed in the same category with any opposition groups or minorities that we may have in the unions, be they Alfonsinists, communists or socialists . . . will we rise or fall along with the Radical government? Oh, no. We prefer to be clearly and unmistakably in the opposition. We do not want what happened to Balbin to happen to us.

[Question] What happened to Balbin?

[Answer] At a given moment he had to say: /"I have no solutions."/ That is, he was not a true opponent of our government, Isabel's government. Perhaps because he could not. But the fact is that it was a tragedy for the country, which was left without a democratic electoral alternative and went straight to the coup. We will try to make sure that is not repeated. We are going to structure the Peronist movement so that it doesn't get in the same boat as Dr Alfonsin.

[Question] Do you mean that you do not believe in the Third Historical Movement?

[Answer] Yes. There is a great historical opportunity. Peronism might /miss the boat,/ as Robledo said. I think it will not. Radicalism must also be renovated to avoid missing the boat. So we have two large national parties that were profoundly shaken by the results of 30 October. Both are evolving. I do not know which side Alfonsin will go with. The side of the technocrats, the Parisians, the Franja Morada or the Linea Nacional? All this remains to be seen, because we have united members, while Alfonsin garnered many votes from very different groups.

[Question] What in your view would be sufficient guarantee that with this normalization the government will not try to displace you artificially in the unions?

[Answer] Look, I don't know anymore. We could go with Troccoli and Pugliese to see Alfonsin, and we would end up the same. They say to us: /No one has anything against anyone here. The methods have changed, that's all./ And I reply: In this change of methods there is something against someone. But that guarantee that you say could come from the Executive or the Legislative Branch. . . If the objective is the same, if what we all want is union democracy! Then let them present all the lists. Care should be taken to exercise some minimal control over the real lists, though, because any company can get together ten guys and draw up an employer list for a few pesos. Eh?

[Question] Can an administrator distort the results of a union election so badly?

[Answer] Completely. Do you know what one single person can do with the powers of executive bodies, consultative bodies, leadership organizations? That has nothing to do with an electoral inspector or trustee.

[Question] In this confrontation between the government and the unions there appears to have been an escalation of vulnerability. For example, at a press conference in Europe Grinspun mentioned the corporate origins of Peronism and the influence of the Carta del Lavoro.

[Answer] And then someone called us neofascists. . .

[Question] But it is not so serious to have borrowed a legislative element from Mussolini. That does not mean that you are anti-Semitic, for example. After all, a lot of years have gone by, and everyone knows that in the beginning Col Peron sympathized with Mussolini.

[Answer] But there was also a historical need. The Peronist movement of '46 unleashed an explosive growth in industry, and needed a powerful labor union to balance management's power.

[Question] There you have it. The Radicals have recognized that Peronist principle. They are no longer calling for plurality of labor unions in the European style, but accept the CGT as the only national institution.

[Answer] They accept it because they have no choice. Not because it is their deep conviction. But in the final analysis they are still playing the same game. On the one hand they treat the CGT like a labor organization, and on the other hand they invent new acronyms such as ENTRA [National Conference of Argentine Workers] and AGA [Argentine Trade Union Assembly] which are also labor organizations. Thus, in reality they are actually refusing to recognize the CGT as the only one of its kind. Now it turns out that the government does not consider us the labor movement. We are "just one more association," a group of candidates!

[Question] The public has the feeling that another Struggle Plan such as the one proposed by Illia is in the works . . .

[Answer] Not in any way. Here there will be an intense, vehement, heated debate. There will be harsh words, but no insurrection. We do not want excesses, because then come those who impose order, and that is even worse. Nothing is worse than authoritarianism. The country voted against arrogance and prepotency. We don't want any more of that. Nor do we want a corporate state. But they should not try to kick us out altogether. They should not try to displace arbitrarily the guys who have spent the last 8 years fighting for each union. That is unjust.

[Question] Can the left win some unions, Mr Triaca?

[Answer] It will have its niche, as it has in the past. Look, the left must be institutionalized. In the unions, at the university, in culture. This does not mean /"turning over culture"/ to the left, because that would be termed cultural hooliganism. Right, Mr Journalist?

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LABOR HARD-LINE STRATEGY JUDGED INEFFECTUAL UNDER ALFONSIN

Buenos Aires MERCADO in Spanish 15 Mar 84 pp 6-7

[Text] Readers of "La City" should not have been surprised at the tone and substance of the statements made by Jorge Triaca last week, because in this very space we have been predicting for 4 weeks that the veteran plastics workers' leader--by far the wisest of the unified CGT men--would toughen his strategies for specific ends and in order to counteract the internal pressures exerted by hard-line union sectors. It is clear that Triaca's statements--and even the subsequent disclaimers by Saul Ubaldini--verbally attacking government officials and even the president of the nation in a not very edifying way, simply set forth a strategy of taking a harder line in order to restate the terms of negotiation between the government and labor. Curiously, this took place while Lorenzo Miguel was trying--with or without the help of the Interior Ministry--to reaffirm his power through Alfonsin himself; if the president met with him at his own request or on the government's initiative, that would simply give the nod to the future leader of a Peronism that today has no universally recognized leader. If this verbal aggression by Triaca and Ubaldini has any effect, it is to poison the chances of the man of "the 62" getting his meeting with the president. Obviously, the first political inference of this attitude remains strictly political. But what is probably more important at this time to Triaca--who is willing to move lock, stock and barrel from the strictly union sphere to the political-union-party sphere--is to attain a vantage point where he can deal with the imminent and crucial national debate on the fate of social projects from a better perspective. The plastics workers' leader made no mistake when he calculated that the battle for the union law was lost, whether it is passed in the Senate or abandoned, because in either case--but especially if the bill is rejected--the government will have the emergency law or the law passed during the military regime to provide it with the fullest authority to intervene, reshuffle and reorient the union leadership. Therefore, by mounting a union election campaign and backing social projects wholeheartedly, he thinks it is possible for the Peronist unionists to win two battles in a single confrontation. For this purpose, he will have to make good use of that lofty vantage point, even if it is based on relatively serious and insulting language capable of making any government official blush. This, plus affirming that the struggle that the unified Peronist CGT members are advocating is an all-out union war, in the classic sense of the word, seems clear and well known. But within this context, clearly set forth as a strategy, there is just one key point that could severely jeopardize the effectiveness of the method. A strategy of this kind

should be accompanied by deeds; words are not enough. Any labor union movement in the world must face these situations by taking direct action to carry out expressed intentions. But everyone knows that an attempt of this kind under present political--and social--circumstances in this country is illusory. A general strike, which would be the *modus operandi* corresponding to those words, is as remote a possibility as any. The Peronist trade unionists were never able to launch a successful movement, not even toward the end of the military regime, without a very significant wink by someone in power to allow them to act with complete impunity. The two strikes that took place under the Bignone government were carried out under the denounced "military-union pact." But the military is no longer in power, and the election results indicated that an absolute majority of the population rejects these tactics. Consequently, even though the labor game is geared now toward "hoping that the crisis will blow" and "reaping benefits from the recession," it is difficult for labor to obtain a political blessing for their actions, or even to obtain solid backing in public opinion so that it could carry off a general strike.

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JAPANESE AMBASSADOR ON TRADE RELATIONS, FOREIGN DEBT

Buenos Aires LA PRENSA in Spanish 24 Mar 84 p 10

[Excerpts] The ambassador extraordinary and plenipotentiary from Japan to Argentina, Dr Senkuro Saiki, held a press conference in the Japanese Embassy in Argentina to deal with the current issues concerning traditional relations between the two countries.

Economic Relations

Regarding economic relations between Japan and Argentina, the ambassador pointed out that the mutual reciprocity between both countries is reflected in their trade. Japan exports to Argentina household electrical appliances, electronic appliances and fertilizers, among other commodities, while Argentina sends sorghum, raw material for aluminum, fish and other marine products. The volume of commercial exchange is approximately \$700-800 million annually.

Concerning investments, the ambassador pointed out that Japan has invested much less in Argentina than in Brazil. But he said: Recently Japanese investments in Argentina have increased in the fishing industry and in household electrical appliances.

In addition, important projects have been initiated, such as the electrification of the General Roca Railway System, telecommunications projects and refining of petroleum.

Financing

Regarding financing, the sum which Japan has loaned to Argentina is approximately \$4.5 billion. Of this amount, \$500 million come from government credits, including export credits and Argentine Government bonds issued on the Tokyo stock market; the rest comes from loans which private banks have extended to this country's government sector.

The ambassador explained at length: As a result, not only the Japanese Government, but our country's private sector as well, have great interest in the debt problem which has been present in Argentina for some time. The Japanese monetary authorities are advising private banks to maintain the credit balance and to make new loans. At the same time they are actively cooperating with

the expansion of capital in order to provide for the international financial institutions such as the IMF, the IDB and the ADI (2d World Bank). And, taking into account the positions of developing countries, the monetary authorities are actively advocating a "new round" in order to build a new international trade system.

Technical Cooperation

In the area of technical cooperation the Japanese Government is working with Argentina by sending experts, by offering scholarships, and by offering other forms of cooperation in various areas, such as in the project to improve soy beans, the project for the National Fishery School, the study of mineral resources, and other projects.

Future Prospects

Referring later to President Alfonsin's administration, he expressed his wish to explain Japan's fundamental position toward the Argentina of today and tomorrow and toward probable future prospects.

He said: In the first place, it was a great satisfaction that the general election held last year was carried out in such a clean and democratic manner. The fact that Latin American countries are recovering their internal stability through democratic elections, contributes much to world peace. There is no need to say that other countries in the area which are on the road to democracy consider the Argentine success a strong spiritual support. In the diplomatic sphere, there is high regard for the Alfonsin administration's attempt to resolve peacefully the Beagle disputes with Chile and to smooth relations with England. My country sincerely values those diplomatic efforts, and it will lend those efforts the broadest support possible.

Concerning economic problems, I believe that it will be necessary to satisfy certain conditions arising both from within and from outside the country, in order for Argentina to overcome the current internal and external difficulties.

The external conditions are, for example, the solid economic recovery of the developed nations, beginning with the United States, the decline in the international interest rate, the stabilization of the petroleum price at a low level, the constant effort by developed countries to open the market, and the renegotiation of the debt, including a restructuring of payments as well as the creation of more favorable conditions for payment.

The ambassador stated: The internal condition necessary for achieving this country's stability and economic development is a joint effort by the government and the people, aimed resolutely at bringing about the necessary economic adjustment and at improving the balance of payments.

The Foreign Debt

Concerning the foreign debt problem, Japan feels that basically the problem arises from the lack of liquidity. As Minister Grinspun points out, it is

necessary to make mutual concessions to reach an agreement as soon as possible. In all negotiations, not just diplomatic negotiations, a solution is reached when both sides make concessions. From this point of view, it is hoped that Argentina will also show a more flexible position.

Concerning the possibility that Argentina would go to the Paris Club, the Argentine authorities have confirmed that this will be decided after analyzing the results from the reassessment of the current total debt, and therefore, it would still be too soon to express my opinions on that matter. However, if Argentina officially requests the meeting of the Paris Club, my government will gladly cooperate with Argentina in order to reach a global agreement as soon as possible.

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TRADE WITH ISRAEL TO EXPAND, DIVERSIFY

Buenos Aires LA NACION in Spanish 24 Mar 84 p 12

[Text] The president of the Central Bank of Israel, Moshe Mandelbaum, and the economic adviser at the Israeli Embassy in Argentina, Natan Hatzvi, have jointly pointed out that the commercial exchange between both nations "decreased seriously during the past year."

However, Mandelbaum and Hatzvi expressed the hope that trade between Argentina and Israel might recover upon initiating bilateral negotiations which begin this coming April.

The two Israeli officials held a press conference, taking advantage of Mandelbaum's visit to Buenos Aires. He is going to visit Punta del Este to participate in a meeting of the IDB which will take place there.

"Global Accord"

The president of the Central Bank of Israel indicated that "it is imperative that we sign a global accord with Argentina, not only for technical cooperation, but also for commercial exchange."

He noted that up until the present time the process was to sign "specific accords for different products," and he stressed that between 1978 and 1983 "the trade balance favored Argentina by \$220 million."

Concerning his activities here, he reported that he had met with the directors of the Central Bank of the Republic of Argentina and with Deputies Ruben Rabanal and Diego Guellar, president and vice-president of the Budget and Finance Commission, respectively.

For his part, Hatzvi indicated that Argentine-Israeli trade "decreased seriously during the past year," basically because during last October an agreement could not be reached for the Israeli purchase of meat.

Grains

He added that he recently proposed to the Argentine Ministry of Economy "the idea of signing a contract allowing Israel's immediate importation of various

grains for \$20 million, and in return, Israel will export to your country products for agriculture.

"We understand that it is important for Argentina to augment its products with a high added value and we think that in that regard, Israel's technology could be useful," he stated.

Mandelbaum agreed with Hatzvi and added that "we have economies which are complementary and with mutual cooperation we will be able to progress, based on the agreements which can probably be reached between the central banks and the chambers of commerce of both nations."

CSO: 3348/327

NEW TRADE ACCORDS WITH FRANCE BEING CONSIDERED

Buenos Aires LA NACION in Spanish 20 Mar 84 p 13

[Text] The Argentine Government will reportedly sign important trade accords with the French state enterprise Thompson CSF in the areas of telecommunications and computer science, business sources have revealed.

The Signing

The signing of these contracts would be the beginning of a very significant advance for French interests in the country, one of the sources pointed out while adding: "This is due to the possibility that France may renegotiate our foreign debt--which may reach \$4 billion--and provide favorable conditions for payment."

The Beneficiaries

In the context of the new trade accords, those companies benefitting as well would be the Renault corporation, Dumez--one of the two successful bidders on the civil works project for the Yacyreta dam--Tootal in the area area of natural gas and the hotel chain Mediterranee.

Of the businessmen consulted, another answered that the excellent position of French interests "is the logical consequence of the friendship which exists between both governments."

Concerning the business which the Thompson enterprise might do, the same business sources stressed the computer science area and to a lesser extent that of telecommunications.

Concerning Renault, a study is underway for gradually replacing Federal Police vehicles and those used in the provinces by phasing the present Ford Falcons and introducing the Renault 18, manufactured nationally.

Hotel Chains

Also, the same sources pointed out that executives of the Mediterranee hotel chain are holding talks with some provincial governments, with which they have analyzed the possible conditions for hotel construction.

Effort by Roulet

Finally, the sources revealed that Public Affairs Secretary Jorge Roulet has reportedly initiated talks in Paris with the Thompson directors on possible accords in the areas of computer science and telecommunications.

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BRIEFS

SPAIN AS GO-BETWEEN--President Raul Alfonsin stated yesterday that Spain "appears willing to act as our attorney on European problems," noting that Spain "can aid us not only in the cultural area, but in other aspects as well." In talking with members of the Latin-American Television Organization, who since yesterday are meeting in this city--details of this meeting are covered in a separate article--Alfonsin remarked that Spain "is a very intelligent and effective attorney in dealing with statesmen having diverse political orientations in several European countries." LA NACION consulted a top-level official in the Government House on what significance the president wished to attach to these ideas, to which he replied that "we must take into consideration that Spain is a valid go-between for Argentina because of its importance in the political sphere of the European socialist democracies." [Text] [Buenos Aires LA NACION in Spanish 20 Mar 84 p 5]

CSO: 3348/327

GOVERNORS' PERFORMANCE AFTER 1 YEAR IN OFFICE ASSESSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 May 84 p 7

[Article by Jose Maria Santana, based on assessments by ESTADO bureaus, correspondents and local news service]

[Text] The major achievement of Tancredo Neves (PMDB [Brazilian Democratic Movement Party]), governor of Minas Gerais, and Espiridiao Amin (PDS [Social Democratic Party]), governor of Santa Catarina, was to increase the weight of their states in national politics. Governors Divaldo Suruagy (PDS) and Gerson Camata (PMDB) spent more time in Brasilia seeking funds than they did in their offices in Alagoas and Espirito Santo. Each of the 22 governors elected in 1982, who took office on 15 March 1983, have been looking for a way out of their difficulties. They have just completed their first year in office, and an assessment of their administrations indicates that the crisis generally lowered the performance of the group. The money shortage affected all of them equally, PDS and opposition governors alike. The difference in the results achieved can be attributed to individual efforts. In a year of empty treasuries, many of them opted to cut costs and control expenses. This was the case with Wilson Martins (PMDB), governor of Mato Grosso do Sul, and Jair Soares (PDS), governor of Rio Grande do Sul. A few, like Jose Rocha (PMDB), governor of Parana, managed to take in more revenue. Without this fiscal effort, most of them were limited to investing in small projects--the case with Franco Montoro (PMDB) in Sao Paulo, and Roberto Magalhaes (PDS) in Pernambuco. The only exception was Leonel Brizola (PDT [Democratic Worker's Party]), governor of Rio de Janeiro, who forgot his campaign promises and spent the state's money on construction of the "Sambodromo."

PDS Governors Lived with Money Shortage

The PDS governors have learned to live with the crisis. All of them, without exception, lived through a year of short money and none of them has any great administrative achievements to show. However, each of them handled the problems in a different way. Some of them spent the time playing politics; others first tried to straighten out their finances and put their house in order.

Esperidiao Amin, governor of Santa Catarina, is among those who opted for the political path. Opposition and majority party leaders alike are unanimous in pointing to the governor's support for the campaign for direct elections as the strongest point in his administration. Amin also gained favor for the speed and firmness with which he reacted to the floods in the Itajai Valley. At least this was the image which he sold to the rest of the country--and this is what his adversaries inside the state criticize. "He should forget his personal interests and begin to govern Santa Catarina," says Deputy Jarvis Gaidzinski, for example, noting that the state is going through the biggest financial crisis in recent years.

Roberto Magalhaes, governor of Pernambuco, took a similar way out. According to the opposition, he is even doing well politically, defending the interests of the state against the excessive tax appetite of the federal government, but without achieving a corresponding administrative performance. Roberto argues in his defense that he has no alternatives because of the general crisis and the drought which has been punishing the interior of Pernambuco for the last 6 years. In light of this, he can only live with the shortage, governing with a program known as "little grand projects."

A 650 billion cruzeiro debt, drought, continual delays in meeting the civil service payroll: the situation is the same in Ceara, with the added problem of 3 million drought victims and the threat of the collapse of the capital's water supply system. In spite of everything, Governor Gonzaga Motta has succeeded in winning sympathy in the state, even among the opposition, for his courageous stand rejecting and denouncing the pressure exerted on him by the Interior Ministry to back Mario Andreazza's candidacy. Gonzaga made noises and succeeded in obtaining funds.

In practice, however, to be faithful to the government and to Andreazza has amounted to about the same thing. This is the case in Rio Grande do Sul, which went for a year without federal funding. Governor Agripinio Maia only did what he could; he balanced the state budget, leaving the treasury in a condition to handle the debt and meet the government payroll without resorting to loans. The negative side of his administration was the proven charges of corruption in the Secretariat of Education and in the Data Processing Company.

Another symptom of the crisis was the migration of governors to Brasilia in the hope of getting some money from the federal coffers, which were also empty. In Maranhao and Alagoas, for example, members of the opposition joked that governors Luis Rocha and Divaldo Suruagy spent more time in the air than on the ground.

Maranhao's Governor Rocha said in his defense that he had to spend a year rolling over the state debt, while controlling state expenditures. According to Rocha, he was "only" 58 billion cruzeiros short of paying off the previous debt, which reached 280 billion cruzeiros. Rocha even guarantees that he is now in a position to meet the civil service payroll on time. Alagoa's Governor Divaldo Suruagy can say the same. After a year in office, he is no longer talking about new projects, such as the 40,000 housing units he planned to build. In fact, Suruagy succeeded only in keeping his promise of government austerity; he punished officials who amassed public offices and he cut out stewardships.

Such austerity does not always pay political dividends. This is the feeling of the advisors of Jair Soares, governor of Rio Grande do Sul. Since he took office, the former minister has fired several officials accused of corruption; he has eliminated 2 public enterprises, 1 secretariat and 10 directorates of state companies. Since June 1983, however, according to the Gallup Institute, the governor's prestige has been declining in the polls. Caustic, Deputy Dilmar Machado, leader of the PNT, thinks this happened because Jair spent the year "worrying about saving paper clips and not about promoting the economic recovery of the state."

In Paraiba, the major achievement of Wilson Braga was to meet the government payroll on time. He even believes he has accomplished a good deal, considering the problems which he inherited from his predecessor, because to achieve that result he first had to balance the state's finances. Somewhat more optimistic, Julio Campos, governor of Mato Grosso do Sul, presents as his priority project the paving of 80 highways, to handle the shipments of grain produced in his state. His adversaries are now demanding the same diligence from him in combating police violence.

Like Julio Campos, other PNT leaders have chosen to concentrate the few available resources on a single project with major social impact, postponing the rest of their government programs. Thus, Joao Alves Filho, of Sergipe, chose to invest in the "Leather Cap Project," aimed at integrated rural development in the semi-arid zone. Despite the problems, according to Alves Filho, Sergipe "is concentrating most of its funds on combating the drought throughout the northeast."

In Piaui, as well, Hugo Napoleao Neto has concentrated his efforts on the "afrense" agricultural project, which provides for the installation of an irrigation system basically using the Pernaiba River. According to the opposition, Napoleao Neto is notable for another achievement. They say the governor got the Ministry of Education to dismiss Joao Ribeiro, dean of the Federal University of Piaui, who was attempting to get some work out of civil servants who seldom appeared on the campus.

Finally, within the PSD, the most singular situation is that of Joao Durval Carneiro, governor of Bahia. A year after his inauguration, he has yet to really assume the office, despite the efforts of his wife, Professor Ieda Barradas. To exorcise the "ghost" of Antonio Carlos Magalhaes, she has even forbidden the former governor to enter the Ondina Palace, the official residence.

Family pressure, however, has not destroyed the governor's loyalty to Antonio Carlos Magalhaes, who is really still in power. The decision of the governor's wife has only changed the location of the meetings between the governor and his predecessor. They now take place at the "2 July" Airport, as Antonio Carlos is leaving or returning, or at the Bahian Foundation for Economic and Social Studies, of which the former governor is president. Ruled by two chiefs, the state is headed toward financial ruin. Last year the Bahian debt jumped from 200 billion to 800 billion cruzeiros, a national record. Joao Durval's own advisors admit that his only chance of breaking free from Antonio Carlos is if the former governor takes a high-level position in the federal government.

Even Tancredo Losing Prestige

A year in office has not been long enough for most of the opposition governors to put their administrations in the black. On the contrary, many of them have managed to meet their most urgent commitments by padding the debt with new loans. Strictly speaking, no opposition governor can take pride in any great achievements.

Even Tancredo Neves, governor of Minas Gerais and one of the stars of the opposition, cannot escape this reality. To explain his poor administrative performance, he points to the \$1.2 billion foreign debt inherited from Francelino Pereira, the excessive number of civil servants and the obligation to pay off 260 billion cruzeiros annually on projects executed by the previous governor.

However, Tancredo consoles the "mineiros" with having restored the political prestige of the state, which most of his adversaries acknowledge. He says he has given Minas Gerais back its freedom, and his advisors cite as an example the fact that the governor has received individuals from all the political factions, from Communist leader Giocondo Dias to Army Minister Gen Walter Pires. Hence, despite a performance that, on balance, is not so different from that of the other governors, Tancredo is maintaining his image, so much so that in this first year he was chosen as the "Personality of 1983" by the Brazilian Advertising Association.

In this area, experience is in fact a basic quality. At least, this is what Jose Richa, governor of Parana, found out. He was the popular favorite in the last Gallup poll, for his good administrative performance, but he has been incapable of reconciling the factions of the state PMDB. Richa managed to eliminate the 100 billion-cruzeiro deficit in the 1983 state budget; he obtained the most revenues of any Brazilian state; he began an ambitious program of aid to the municipios; he granted a good raise and the 13th month salary to the civil service. Nonetheless, he fell short in politics. He is accused of surrounding himself with PDS members linked to former Governor Ney Braga and, on the other side, with members of the PC do B [Communist Party of Brazil] and the PCP [Brazilian Communist Party], leaving the PMDB out in the cold.

To avoid the risk of dissidence, veterans Iris Rezende, governor of Goias, and Gilberio Mestrinho, of Amazonas, have followed another prescription. They covered every base. Even today, Iris is still collecting political dividends from the house-raising "bee" which he held some months ago in Goiania, to build 1,000 public housing units in a single day.

The latest novelty, launched this week by the governor, is "Troject Comodato." Each rural landowner is asked to turn over a Goianian alqueire (4,200 square meters) of land, on free loan for a year, to a farm family, which will also receive financing from the State Savings Bank. Another measure with some impact was the strict control of public expenses, but there he has had to pay a very high price; he laid off 20,000 civil servants, and since then his adversaries have attacked him for adding to the unemployment in the state.

While taking care to appear on good terms with the federal government, Gilberto Mestrinho, governor of Amazonas, has looked for local alternatives to show the people that Amazonas is viable.

"In this first year," he said, "my goal has been to turn the passivity which we encountered into an attitude of work, development and hope." His opposition interprets this phrase as Nestrinho's attempt to "change Amazonas simply to institutionalize Gilbertism." One particular is that, in 12 months, the governor has already made big enemies in his own party and has won the same number of new friends in the PDS, to the point of having brought six PDS mayors into the PMDB.

Unlike Iris Bezende and Gilberto Nestrinho, governors Cerson Camata, of Espirito Santo, and Jader Barbalho, of Para, have looked elsewhere for solutions to their domestic problems, which are numerous. Camata has just gone to the United States to negotiate \$2 million in loans from the Hypo Bank, of New York. In 12 months he has almost never passed an entire week without leaving the state. He has gone to Brasilia 20 times and has taken countless trips to Rio de Janeiro and Belo Horizonte.

"At home, I only hear requests," Camata explains. "When I travel, the administration goes on uninterrupted, and the result is that we have managed to raise \$8 million cruzeros for the state on these trips." He has benefited personally from his constant trips to Brasilia. In his contacts with politicians close to Planalto Palace, he has managed to get out from under the threat of prosecution, which had been hanging over him because he had called Figueiredo a "lying general" at a rally.

In a year, Para's Jader Barbalho has also become very practiced at packing his suitcase. He has gone to Brasilia 33 times in search of aid for the state budget of 100 billion cruzeiros. His frequent absences and the poor results have considerably eroded his image. In Belem today, almost no one would wager that Barbalho could still beat Jarbas Passarinho, his opponent in the last election, now a minister. Moreover, the governor cannot reconcile the interests of his group with those of his ally in the campaign, former Governor Alacid Nunes (PDS).

This is precisely the problem of another PMDB governor, Nabor Junior, of Acre. The same divergent party factions which forced him to accept the secretariat at the start of his administration forced him to dismiss three of them a few months later. Nabor is still paying off campaign debts, because he promised every local political boss a position of trust in his administration if he won the office.

In view of so much confusion, the citizens of Acre are showing clear signs of impatience, although they still hold the governor in esteem. In the most recent opinion polls conducted by local newspapers, the respondents asked for the dismissal of all the secretaries. They felt that Nabor himself should remain in office, but that he should start fresh. In the administrative area, the major achievement of the first PMDB governor of Acre was the construction of some bridges which were considered a priority.

The administration of Wilson Martins, governor of Mato Grosso do Sul, has been much more peaceful. When he took office, the state was over 130 billion cruzeiros in debt, and he assures that he has straightened out the finances, met the government payroll on time and resumed the highway construction that had been suspended because the previous administration fell behind in its payments.

In other words, he has survived the devastation left by Pedro Pedrossian, his predecessor in office.

Having put his house in order, Martins now has loftier ambitions; he means to build an asphalt road from isolated Corumba, on the Bolivian border, to Campo Grande, across the Mato Grosso Lowlands. He promises to pay more attention to his relations with the party politicians. They complain that they are excluded from the government and they criticize Martin's new friendship with Planalto Palace, which they claim is responsible for the governor's failure to appear at rallies for direct elections.

Rio Surviving with Incompetence and Luck

On the eve of the government's first anniversary, one of the theoreticians of the PDT and of "brown socialism" (this may explain why he has not been used in the state administration), commented in Rio that Brizola is now evoking the image of goalies who are lucky at soccer. They do everything wrong, but the ball always hits them, or it hits the crossbeam, but it almost never goes into the goal.

The young economist also borrows sports jargon when he refers to Brizola as the "milkman" (the nickname for goalie Castilho in the 1950's), claiming that "it takes a really huge 'creamery' to have an administration as incompetent as this one" and still be considered a presidential candidate.

In fact, Rio de Janeiro is witnessing a spectacle heretofore unknown, which is now reflected at least in the Gallup poll which indicated Brizola's unpopularity. The governor decided to disregard the interior of the state and to become a kind of "mayor" of the capital, to the point of pushing aside the municipal authorities. However, since he is still not familiar with Rio (he is capable of failing to distinguish between Bangu and Campo Grande, two districts far from the city center), he has ended by leaving the municipal government with no head at all.

Much less the leader than the boss of a party without a past or a future, Brizola has no administrative cadres, and since he clings to the right to control all activities, he has still not formed a government. The secretaries do not have the right to choose their aides and, for his part, Brizola does not have enough capable people to fill these posts.

Hence, an astonishing thing has happened: either the posts are not filled at all or they are turned over to men whom Brizola's own party members call the "Gaúcho invaders," who are even less familiar with Rio than Brizola.

This shortage of cadres has led to the creation of a kind of "superman": Vice Governor Darcy Ribeiro, who is also secretary of culture, president of the Arts and Research Foundation, dean of the university and general coordinator of state and municipal education. And since he involves himself in all sectors, he has provoked timid and veiled protests, such as that of Education Secretary Iara Vargas, who complains that he is "a secretary of education without culture, who must obey a secretary of culture with no education."

All this has resulted in the biggest failure up to now in the Brizola administration; it was in education that Brizola promised the most, and this is precisely where he has accomplished the least. So far, the "Brizolao" [Brizola's new Brazilian] does not exist. The future of the "Sambodrome" is an unknown quantity and the state's educational system is almost in ruins--rundown, dirty schools without tables and desks, with children sitting on the floor.

If the problems in the education sector have worsened, in the other sectors there has simply been no change--no public works (except for the new lighting in the Reboucas tunnel), no hospitals, not a single meter of sewer line or water main. The promises of a new transport system died at birth, because the plan designed by Jaime Lerner, under special contract and for which he was paid a king's ransom, is still on paper and has been vetoed "because of its high costs."

Civil Service reforms were nothing more than campaign promises and the much announced 13th salary has already been scratched. The "moral reform of the administration" was quickly forgotten. Not only has the old Chagas Freitas machine been maintained but, by agreement, the Chaguista PMDB won four posts in the secretariat.

Then there was the "Sambodrome." Not satisfied with the number of offices given to Darcy Ribeiro, Brizola decided to give him another one, that of "viceroi of carnival." And this was precisely where Brizola's "creamery" came into play. No one knows how much the "Sambodrome" cost. Everyone is complaining about the appropriateness of the project, the organization of the parade and the great muddle that was made of carnival.

The parliamentary opposition was silenced by buying off the PMDB and the PTB with an invitation to join a "coalition government." The hostility of the federal government, just when President Figueiredo's popularity has reached its lowest point, has once again made Brizola the victim of the system. The dissenting voices in the PDT have either been silenced and removed, like that of deputy Jose Frejat and former Mayor Jamil Hadad, or they were corrupted, as in the case of folk figure Agnaldo Timoteo.

In addition to the advantage of the "creamery," there is the traditional incompetence of the "attacking team," which for a year has failed to score a goal against Brizola. Instead of attacking the tragic inefficiency of the government, the opposition does not place much faith in belaboring the obvious, and has allowed Brizola to successfully pursue his policy of "going after the retail market, without dealing with wholesale." Either it criticizes the government in speeches and articles which the public cannot understand, or it argues about unimportant details.

So much so that the governor has not needed to exploit the only truly positive achievement of his administration: the shaping up of the Civil and Military police, which have come to treat the public with respect and civility, to the point that there are already hopes that the grimly notorious "Death Squad" is finally under control.

But Brizola's incompetence appears to be so great that he has not even touched on this point.

EDITORIALS BACK ADDITION OF AT-LARGE MEMBERS OF COUNCIL

Plea for Constitutional Change

Road Town THE ISLAND SUN in English 10 Mar 84 pp 1, 15

[Editorial: "A Look Backward and Forward"]

[Text]

About six years ago there was considerable concern in having amendments made to the BVI Constitution, especially with reference to the political structure of the Legislative Council - the method and means of election to that body. In general, the matter of amendments to the Constitution was considered of such importance, that a Royal Constitution Commission was appointed to look into the matter and report thereon. Hearings were held in the BVI, open to the public. A number of persons appeared and expressed their views orally, or submitted statements in writing. There was advocacy that all Members of the Legislative Council be elected by the at-large system rather than by separate district electoral means which then existed and still exist. There were those who advocated for retention of the district system, but also strongly voiced the opinion that in addition to the then seven districts, having each an elected representative, there should be added two or three representatives elected at-large (meaning from all seven districts).

This Newspaper at the time supported the last mentioned proposition - retention of the district electoral system with addition of at-large membership of the Legislature who would be responsible for no one particular district but for the well-being of the entire British Virgin Islands. Thereby strengthening the good works of all district elected members.

Some months after the Commission's hearing in the BVI, their report, with recommendations, was received, and with regard to restructuring the Legislative Council, it recommended that the district system be retained, but with addition of two elected members at-large. However, the then Government in power, which was led by The Honourable Willard Wheatley did not accept the Commission's report regarding the restructuring of the Legislature. It must be said here that the recommendation had strong public support, but to no avail.

Some time after the Commission's report was received, the controlling power in the Legislative Council at the time, recommended to the Home Government in London that the seven electoral districts be increased to nine, instead of the two memberships at-large. As a result the boundaries of the 6th and 7th electoral districts were split up (or what is called in political circles "Gerry-mandered") to form two new districts. In our opinion it was a political blunder to cast aside the recommendation of the Constitution Commission which would have provided two members at-large in addition to the seven district elected members.

The lack of any at-large representation in the Legislature (as well as in the Government) is a serious weakness in the entire structure. There are experiences in which a minority member or members of the Legislature, who may not be in line with the controlling majority, can hardly get anything done (no matter how necessary) for his district or constituents. He stands alone and is considered even an outcast with his district at the "O" point and through no neglect on the part of the representative. As we see it, at-large members would lessen or take away this punitive political habit, and there would be better representation not for any particular district but for all districts - meaning the entire British Virgin Islands.

We are aware that some people of the ultra-traditional type are of the opinion that at-large membership in the Legislature is contrary to the "British System". They are wrong and more British than the British Government, which has time and again made it clear that whatever Government the dependent territories may desire, with the consent of the majority of the people, by democratic means, will be granted, even Independence.

We look forward to the present BVI Government in taking steps to amend the Constitution, that will include at least two members at-large to take effect in the next general elections to the Legislative Council.

Rationale for Change

Road Town THE ISLAND SUN in English 17 Mar 84 pp 1, 15

[Editorial: "Members At-Large Needed To Strengthen the Districts Electoral System"]

[Text]

In last week's Editorial we expressed the view that the BVI Constitution should be amended to provide at least two at-large members to the Legislative Council, while retaining the system of electing a representative from each of the electoral districts. We also stated that it was a political blunder for the controlling majority of the Legislative Council to cast aside the recommendation of the Constitution Amendment Commission not so long ago, which would have added two Members elected at-large to serve with

the then seven Members elected under the districts electoral system, but, instead, a couple of districts were "gerry-manded" to form two new districts, thereby throwing out the recommendation of the Constitution Commission.

The reasons why at-large representation is necessary in the Legislature should be obvious, it means that in addition to the districts representation there are the at-large Members who must, both morally and politically, give their main attention to the best interest of the entire British Virgin Islands, in as much as their office will be due to the electorate from all districts. It is human nature and political expediency that district Members must be primarily interested in getting all they can for their respective districts. That is the name of the game no matter how ennobling the sentiments may be that the well being of the entire BVI is uppermost, it does not work that way. Minority Members bear the brunt, and as a result their districts, or district as the case might be, are hardly considered.

This political mentality and practice are not confined only to these islands but are found to be the vogue in other countries where the district electoral system prevails and there are no at-large representation. We say again, that we are not adverse to districts representation in as much as such representation has an intimate value which is good for the districts and constituents, but the interests of the entire BVI must be taken seriously into account, and this cannot be expected with politics being what it is. Also, in our view, at-large membership would strengthen the representation of each and every district, especially those in the minority who are so often frustrated in their efforts to serve their constituents and the development of their district which shows a vital need. With at-large representation, no district member will be standing alone and helpless due to punitive neglect of the majority in control of the Legislative Council (or even the Government).

We can say here, that human beings can never hope to be perfect, whether in politics or any other field of endeavor, but there is always room for making improvements. As we see it, that was what the Constitution Commissioner's Report, after a thorough study of the situation, recommended, but, unfortunately, was rejected by the then controlling powers in the Legislative Council and Government. It was, as we stated in last week's Editorial, a great blunder.

CSO: 3298/688

CHARLES COMMENTS ON GRENADA, STATUS OF DETAINEES

Kingston THE DAILY GLEANER in English 30 Mar 84 p 7

[Text] Roseau, March 29 (CANA)--Chairman of the Organisation of Eastern Caribbean States (OECS) Dominica's Prime Minister Eugenia Charles has said here that persons detained following the U.S. military intervention in Grenada last year should either be freed or charged.

"I would like to see all the detainees either freed or charged, there are some who have not yet been charged, but I am not prepared to tell Grenadians how to run their business," she said.

Speaking to reporters here Miss Charles, who played a prominent role in getting United States and Caribbean troops to intervene in Grenada to quell a bloody military junta last October, said that to date some persons detained had not yet been charged with any offence.

Miss Charles said while Dominica was prepared to send its policemen to Grenada on peacekeeping duties she did "not expect that Dominica would be sending policemen there for up to three years."

Asked how she felt about the subsequent return of former Prime Minister Sir Eric Gairy to Grenada, Miss Charles said: "I am not down about it, I think if he had really liked Grenada he would have stayed away. But he knows Grenada better than I do apparently and the confusion which I thought might have arisen has not arisen."

CSO: 3298/689

PCD, BS CRITICIZE REAGAN-JORGE LETTERS

Santo Domingo LISTIN DIARIO in Spanish 2 Apr 84 p 4

[Text] Two leftist parties criticized yesterday the letter which President Ronald Reagan sent to the Dominican chief of state, indicating it is "another proof that the United States is intervening economically in the country."

The Dominican Communist Party (PCD) and the Socialist Bloc (BS), in separate declarations signed by their leaders Narciso Isa Conde and Rafael (Fafa) Taveras respectively, suggested that the government definitively break off negotiations with the IMF and search for domestic solutions to the economic crisis.

The PCD said that "the exchange of letters between President Jorge Blanco and President Reagan concerning the Dominican Government's negotiations with the IMF reveals that although the Dominican Executive feels 'hurt' by the pressure exerted through the suspension of North American loans and the renegotiation of the foreign debt, it finds itself trapped and without a way out because it accepted IMF intervention."

It added that the government has received as an answer to this, in the sense that ratification of the U.S. proposal that conditions granting of (AID, North American government) loans and debt renegotiation with the Paris Club on the signing of an agreement with the IMF.

It said that Jorge Blanco--who has the historic responsibility for having applied to the IMF--at the moment in which that organization's conditions tighten and social tensions begin to increase, has asked Reagan to try to "flexible-ize" the conduct of that international institution.

"But Reagan, who in general shares the IMF's demands, has proposed that Jorge assume those difficulties and that he arrive at an agreement if he does not want his water and electricity cut off," the PCD pointed out.

In its judgment, Jorge Blanco has in fact admitted that the U.S. governing team sets the IMF line and that Reagan for his part has resolved to ratify it "without expressing any compassion or worry whatsoever" over the effects of his pressure.

It emphasized that "this exchange of letters reveals that the United States is intervening in the country in everything which has to do with planning an economic policy and the only way to avoid some measures, out of all the impositions resulting from that reality, is by breaking off with the IMF and leaving the signed agreement without effect."

For his part, Fafa Taveras pointed out that President Reagan's letter constitutes "an ultimatum so that the IMF agreement will be signed."

He indicated that "irritating pressure by the U.S. President shows the repeated custom of the North Americans of imposing the economic policy that will be in force in the Dominican Republic."

"In a certain sense," he added, "Reagan now does with his letter to Jorge Blanco what the Marines did at the beginning of the century: a modernized policy of gunboat economics."

Taveras also said that Reagan's letter "is a confirmation that IMF policies essentially answer to the interests of North American capital."

CSO: 3248/538

REPORTS ON PNP ACTIVITIES, STATEMENTS ON GOVERNMENT ACTIONS

Position on Police, Shipping

Kingston THE DAILY GLEANER in English 10 Mar 84 p 3

[Text]

The PNP spokesman on National Security, Mr. K. D. Knight, says the recent robberies of tourists by policemen is symptomatic of a cancer in the Police Force which was spreading and had to be removed quickly. Failure to curb the situation could result in a breakdown to lawlessness in the society, he said.

Condemning two policemen involved in recent incidents, Mr. Knight said the people's confidence in the Police Force would be eroded in the face of "these outrageous acts of violence."

Mr. Knight called on the Police Federation to issue immediate reminders to their members as to their role in protecting the citizens and visitors.

CONCERNED

Mr. Bobby Pickersgill, the Party's spokesman on Public Utilities has expressed concern over the failure by Jamaica to pay its contributions to the CARICOM Governments-owned West Indies Shipping Corporation.

The PNP spokesman said he was aware of the foreign exchange difficulties being experienced by Jamaica, but felt that the country's financial obligations to this regional shipping line was of paramount importance.

Priority attention should be given by the Ministries of Finance and of Public Utilities and Transport to pay these arrears, as Jamaica needed this shipping line in order to continue developing trade with Caribbean countries.

Statement on Foreign Bases

Kingston THE DAILY GLEANER in English 15 Mar 84 p 1

[Text]

The People's National Party has criticised the Hon. Leslie Ashenheim, P.C., honorary chairman of the Gleaner Company, over a section of

his speech at the dinner of the Public Relations Society of Jamaica on March 3.

Mr. Ashenheim's reference to the

establishment of military and aviation bases in Jamaica during the last World War, said in the context of the country's attitude towards presenting its sovereignty and national independence, has been interpreted by the P.N.P. as applying to present-day Jamaica.

A statement issued by the Executive Committee of the Party, through its General Secretary, Dr. Paul Robertson, said:

"A recent report of a speech made by Mr. Leslie Ashenheim suggesting that the Government of Jamaica invite the Government of the U.S.A. to establish military and aviation bases in Jamaica is cause for alarm in the nation.

"The Executive of the People's National Party immediately and resoundingly condemns this suggestion.

"The concept of sovereignty and national independence is obviously of no importance to Mr. Ashenheim and is being scoffed at by him with utmost contempt. However, for the vast majority of Jamaicans who live full time in this country, who rear our children here, who set down deep roots in Jamaican soil, who feel proud of its advancements and weep at its setbacks ... for us, our national pride is rooted in the sovereignty and national independence which Mr. Ashenheim so glibly scoffs at in his speech.

"We and our children are the ones who will have to endure or survive the existence and effect of foreign military bases in Jamaica. It is easy for some others to pack up and go, particularly when they already have one foot in another country.

"For the PNP who led the struggle for the achievement of sovereignty and national independence in this country, any suggestion from Mr. Ashenheim or anyone else that it is worthless and should be sold for a mess of pottage must receive our contemptuous rejection.

"There are too many in this country who are prepared to prostitute our nation and its people for peripheral, fleeting and often illusory economic benefits, and who will sacrifice pride and patriotism for ten (10) pieces of silver.

"Our position as a political party is clear. The sovereignty and national independence of our nation and our people is neither for barter nor for sale.

"The establishment of foreign military bases in Jamaica by whatever foreign nation will fracture our efforts to keep our region and our country peaceful. It will expose our nation to the danger of war on our shores and make us a prime target in any confrontation. In the event of a nuclear war, we could be bombed out of existence. There are, of course, other dangers including interference and foreign influence in our political process.

"The reference to the example of US bases being in Jamaica during World War II is obnoxious since at that time we were not an Independent Nation but a Colony of Great Britain.

"Perhaps what the Leslie Ashenheims of Jamaica really wish to do is to see our people re-colonised. This, in whatever guise it may come, the People's National Party and all patriotic Jamaicans will resist with all the means at our command.

"Jamaica must take seriously Mr. Ashenheim's utterances since experience with the bogus elections has shown that Mr. Ashenheim's pronouncements merely herald Mr. Seaga's subsequent actions. He was the one to suggest in a letter to the Gleaner after the invasion of Grenada by US and Caribbean troops that Mr. Seaga call immediate elections although he must have been aware that 150,000 young persons were not on the Voter's List and the opportunity existed for 100,000 bogus votes to be polled".

Attack on Seaga

Kingston THE DAILY GLEANER in English 15 Mar 84 p 15

[Periodic unsigned feature "The PNP Says"]

[Text]

Mr. Michael Manley, president of the People's National Party, says the Party "deplores the slipshod and indifferent manner in which critical national affairs are being handled by Mr. Seaga."

The Party calls on Mr. Seaga to tell the country:

1. What is the stage of the exchange rate regime negotiations with the IMF and when will these be completed?
2. Whether this new regime will result in the continuing devaluation of the Jamaican dollar?
3. When are negotiations expected to commence with the Fund on the 1984/85 Budget?
4. When will the Budget be presented?
5. Are there additional conditions to be met before an agreement with the IMF is finalised, and if so, what

are they?

HOTEL TAX

The P.N.P. spokesman on Tourism, Mr. Frank Pringle, said that the "dilly-dallying by the Ministries of Finance and Tourism is deciding on the proposed new hotel tax" will damage the future of the tourist industry and the Jamaican economy.

A telegram sent by Mr. Pringle to the President of the Jamaica Hotel and Tourist Association, Mr. Godfrey Dyer, urged him to impress on these Ministries the need for urgency in coming to a decision.

Hoteliers must know immediately what this new tax will be in order to quote rates for the 1984 summer and 1984/85 winter tourist season.

Stand on Cane Price

Kingston THE DAILY GLEANER in English 21 Mar 84 p 17

[Periodic unsigned feature "The PNP Says"]

[Text]

Mr. Desmond Leaky, the PNP spokesman for Agriculture, has made the following regarding the new price of cane:

1. The Government is wrong in arbitrarily deciding to withhold \$16 million for National Sugar;
2. Similarly, the arbitrary imposition of a 60-40 formula will lead to conflict with the farmers.
3. The Minister, in an effort to justify the price, has calculated the stocks at selling price, rather than at cost, plus bagging and transportation thus over-reserving \$9.8 million.
4. The additional advance payment is too low to cover the increased cost.

Mr. Leaky said it is the Party's view that the Government has a responsibility to hold further discussions and come up with a more acceptable formula.

Reorganization Initiative

Kingston THE DAILY GLEANER in English 22 Mar 84 p 4

[From the regular unsigned weekday column "Across the Nation"]

[Text] Westmoreland--PNP Meeting--Bigwoods

The People's National Party has start its reorganization at the group level at Hopewell recently. The first meeting was held at Mr. Frederick Leslie premises. Councillor/caretaker for the Darliston Division Mr. Richard Spence was present along with Mr. Fray.

Mr. Spence told the gathering that he was pleased with the number of people who had turned out saying that this showed that the PNP was still alive. He said the future of Jamaica depended on the PNP and that it was through groups that the people would be able to contribute significantly to the development of Jamaica's economy. Mr. Fray also brought greetings from the Darliston group.

Election of officers resulted in the following being elected to serve: Mr. Frederick Leslie, President; Mr. Alfred Scott, 1st Vice President; Mr. Reginald Spence, Assistance Secretary, and Mr. Frederick Leslie, Treasurer.

Mr. Leslie in his opening speech challenged the members to be vibrant in their work, stating that whatever was done was done for the country.

CSO: 3298/642

ADDITIONAL EXTRACTS FROM AUDITOR GENERAL'S REPORT

Kingston THE DAILY GLEANER in English various dates

[Editorial Report] Kingston THE DAILY GLEANER between 10 and 23 March 1984 continued to carry on page 3 extracts from the 1983 report of the auditor general, as indicated in the following textual items:

10 March:

An advance account in the name of one of the Ministry's officials reflected a balance of \$75,887.23 at 31st March, 1983. This included \$11,206.52 for the cost of electricity and telephone services supplied to his residence. No authority was produced for such payments. The remainder of \$64,680.71 represented uncleared travelling advances.

23 March, extract 13:

The Auditor General reported problems at the Accountant General's Department:

My audit disclosed that the accounting records were not properly maintained and there was a deficiency in the level of supervision afforded this activity. In some instances loan account cards did not disclose the proceeds actually received by Government even though principal repayments and interest payments were being made on the assumption that the full contracted amounts of principal had been received. Proceeds of loans were posted to account cards from statements forwarded by lending institutions without evidence of verification of receipt by the Bank of Jamaica or other appropriate local institutions. It was also observed that statements from lending institutions demanding payments were not checked by the Department for their arithmetic accuracy before payments were made. The following are examples of discrepancies observed--

(i) Japanese Loan re purchase of Toyota motor vehicles--overpayment of interest of yen 141,823.60.

(ii) IADB Loan re Venezuela Trust Fund--overpayment of interest Bolivars 502,895.60.

The Accountant General was advised to make the necessary adjustments.

14 March, extract 14:

Records seven years in arrears

The Auditor General Reports that in relation to the Provident Fund in the Ministry of Labour.

(1) The annual financial statements were approximately seven years in arrears, while the contributors' ledger accounts and bank reconciliation statements were over five years in arrears.

(ii) The absence of up to date accounts made the processing of loans and refunds extremely difficult and time consuming as special schedules had to be prepared on an ad hoc basis to determine the contributors' eligibility.

(iii) Five cases of suspected fraudulent payments totalling \$5,635.97 were detected. These were reported to the police. The Accounting Officer has advised that the police are also investigating 38 other cases involving approximately \$77,000.00.

20 March, extract 15:

Bank Reconciliations not done at Ministry of Construction (Works Division)

The Auditor General in his March 1983 report states, in relation to the Works Division of the Ministry of Construction:--

(a) Bank of Jamaica Recurrent and Capital Accounts no reconciliation done between November, 1978 and March, 1982, and none since May, 1983.

(b) Bank of Jamaica Deposit Account no reconciliation done between January, 1979 and March, 1982, and since May, 1983.

(c) Bank of Nova Scotia Salaries Account--no reconciliation since February, 1980.

In the absence of up to date reconciliation of the accounts there is a grave risk of errors and irregularities remaining undetected for protracted periods.

CSO: 3298/642

SEAGA ADDRESSES HOUSE ON ECONOMIC, RELATED ISSUES

Treasury Bills Debate

Kingston THE DAILY GLEANER in English 29 Mar 84 p 7

[Text] Prime Minister Edward Seaga said Tuesday that the role of policy making was rapidly approaching a stage where there must be a department set up to out-guess the various forms of corruption which exists.

Mr. Seaga was speaking in the House of Representatives during debate on a resolution seeking approval for the raising of the limit on Treasury Bills from \$500 million to \$750 million. The resolution which was piloted by him was approved by the House.

The Prime Minister said that the public should understand that: "when plans are made, they are made for the interest of the country and not for the interest of a few."

"When the few seek to take advantage of it, then we must look to the few in order to understand why the many suffer. Not to those who pay the cost.

"It appears that policy making is rapidly approaching a stage where there must be a whole department set up to out-guess the various forms of corruption which exists. To out-guess the various instances in which various types of genialship are connived and conspired to defeat the best of plans.

"But through all of this, there is some sort of impression within the country that you must be more than wary when you deal with persons from particular category of life who are more prone to genialship, than persons from other categories of life with whom you can shut your eyes and deal with on the basis of gentlemanly understanding and professional conduct.

"It may be that there are two distinctions at any point, in terms of the precautions that must be exercised and the cautions that must be instituted in terms of laying plans, so as to ensure that nothing is taken for granted because there is some overriding spirit of the individual to benefit themselves at the expense of the nation."

Speaking on the new credit policy, Mr. Seaga said that the three aims of the policy were: to reduce excess liquidity in the banking system;

reducing consumer credits; and, reducing pressure on prices in order to better control inflation.

He said that it was intended to reduce the excess liquidity in the system which was being utilised to purchase foreign exchange on the street market by reducing the availability of Jamaican dollars.

It was intended to reduce the demand for consumer credit which was largely funnelled into imports of goods and which placed pressure on the balance of payments. He said that this was one of the most important reasons for introducing the new policy. The reduction of consumer credit would in turn reduce the availability of funds for purchasing consumer goods which were to a large extent imported, at a corresponding rate.

It was also intended to reduce pressure on prices in order to better control inflation, because if there were less resources available from the banking system, then there would be less purchases and less pressure on available goods.

Mr. Seaga said that it was necessary for the country to understand that the policy would deny credit in consumer credit areas, and to a certain extent in the productive areas has; a reason which was critical to the overall purpose of the policy to reverse the trend in declining areas and strengthen those which are not in decline.

He said that it was no use people looking at the fact that there was a reduction of credit and complain about that, without understanding that if there was no reduction of credit there would be: higher price increases and inflation would be greater; there would be greater utilisation of scarce foreign exchange resources in order to purchase non-essential goods, which would reduce the country's ability to obtain surplus on balance of payment account; and, there would be less foreign exchange available in the system to buy the things considered to be priority.

He said that the policy measures were introduced in January and the commercial banks were advised, in keeping with the Government's normal policy of consulting with the affected areas of private sector involvement before taking action. Mr. Seaga also explained why the restrictions which have resulted from the credit policy are currently so severe.

He said that it was not intended that the restrictions would have been so severe at any time during the year, much less at the beginning.

He said that the normal lending of the commercial banks in the month of January is normally \$20 million. But in January 1984, lending suddenly increased to \$150 million.

There was a basis of accounting for \$90 million, at the maximum, which relates to the Jamaican dollar deposits that had to be put in place, in order to enable importers whose goods arrived at the transitional point when the parallel market was introduced in January 1983, who had been

given an undertaking that they would be enabled to pay off import costs at old rate of \$1.78.

Mr. Seaga said that if all of that money was used up, it would total a maximum \$90 million, which meant that there was still a sum of \$60 million above the normal rate which was still three times the normal credit total for January.

He said that there was no doubt that between clients of the banks and some banks, there was a rush to get all the credit possible out of the system before the new measures were introduced. He said that the new measures were introduced on a timely basis under which credit would be allowed to increase by one per cent per month, or the actual rate of checking which was the quarterly-three per cent per quarter.

He said that instead of the banks being able to hold credit increases to 3 per cent in the first and second quarters, each, in January, as a result of the burst of lending, the credit increase reached the level of 7.4 per cent in one month--January.

"This meant that in the month of January we would have exceeded the June quarter. As a result of that, in order to try to bring the policy back under control, the banks have been told to reduce their exposures to a level of 6 per cent increase and to hold that level until the end of June," he said.

He said that as a result of that the banks have been calling in existing overdrafts and there have been virtually no new money to lend.

He said that when money is sought for funding projects and the funds could not be obtained, it must be understood that this was the direct result of the fact that instead of having an increment of credit to make available right throughout the year, the first six months of credit was already used up in the first month as a result of banks and clients considerably increasing their credit.

He said that in the course of the two months in which the policy has been operating, the Government has been able to reduce the level of credit from 7.4 per cent to 5.7 per cent, which was still 2.7 per cent above the end of March level, but at least was under the 6 per cent for the six-month period.

"We will be able to bring some control into the system despite what happened in January. I am not going today to reprimand anyone or castigate anyone. I simply have to state the facts so that those outside who do not understand will understand how the situation occurred.

He said that it would not be until in the second half of the year that the policy will really be able to have both the negative and positive effects it is intended to have.

Mr. Seaga said that for the last three years credit had expanded at the rate of 30 per cent per annum, which has had positive effects in terms of expansion within the economy, as well as negative effects, in terms of pressures on the foreign exchange rate.

He said that the credit policy was intended to cut the annual growth rate from 30 per cent to 12 per cent, and the Government intended to take very strong steps in order to put in place the corrective measures this year.

He said that in the second half of the year there would be funding available as old loans were paid up, and as the banking system will be able at that time to respond to new applications from the productive sector.

"It is unfortunate that it wasn't possible to have a policy introduced and carried out in a manner which would have obtained, from the very beginning, both the restrictions in those areas where we wanted restrictions as well as ease in the areas where we wanted ease."

He said that the 12 per cent figure had not been plucked out of the air, but was decided on the basis of discussions with the banks to determine what were the levels of investments that they had in their books which they were expected to fund during the year. And what were the loans on the books which were to be repaid during the year.

He said that if the loans which were to be repaid were equivalent to the investments which were to be made, there would have been no need for any increase in credit. But, the loans that were to be repaid were less than the investments on the books and there was a need for 12 per cent increase.

"I say that to make the House aware that in setting this credit ceiling we took into account every investment project that was in the system. So had some of the banks and some of their clients from the very beginning not made excessive loans, all the investments projects that were on their books would have been funded in the normal course of events and there would have been no squeeze in terms of meeting the obligations of every investor whose investment was on the books of the banks.

"That was the way in which it was organised, but that was not the way it materialised. There is more I can say on that but I hope that the time will not require me to say so. I will leave it at that for those who can read to read and to understand."

House Action

Kingston THE DAILY GLEANER in English 29 Mar 84 p 7

[Text] The House of Representatives on Tuesday approved the raising of the limit on Treasury Bills from \$500 million to \$750 million.

Prime Minister Edward Seaga piloted the motion which actually approved Ministry Paper Number 12, tabled on March 15.

Mr. Seaga said that the proposal to increase the ceiling to \$750 million, was intended to expand the market for those securities and complement the monetary policy of the Government.

He said that at the end of 1983, the volume of bills outstanding was \$491 million, and was distributed as follows: Commercial Banks--\$452.2 million; Bank of Jamaica--\$17.6 million; Government Departments--\$15 million; and, other institutions--\$33.2 million.

The commercial banks, as principal holders of Treasury Bills, would require an increase in volume of those securities to meet the requirements of their liquid assets portfolio due to the increase in their deposit liabilities. The statutory requirement for liquid asset holdings was 40 per cent of the banks' deposit liabilities, and with the exclusion of the float on parallel market transaction, the distribution of the portfolio was roughly as follows: cash--10 per cent; specified assets--5 per cent; and Treasury Bills--25 per cent.

During 1984/85 deposit liabilities of commercial banks are expected to increase by about 17 per cent, so that banks would need to hold a minimum of about \$663 million in Treasury Bills to meet the statutory liquid asset ratio of 40 per cent.

The remainder of around \$87 million would be available to non-banks and individuals who normally invest in Treasury Bills.

The Government issues Treasury Bills to finance cash shortfalls which might occur in the course of a financial year, because of the time-lag between Government expenditures (salaries, etcetera) on the one hand, and Government receipts (which tend to come in lump sum at specific times) on the other hand.

The current limit of \$500 was established in 1981. The Government is not expected to take up the increase for some time. The increase is intended to confer greater flexibility in the amount of Treasury Bills that may be offered for bids at the auctions, and to allow orderly forward planning.

CSO: 3298/690

SEAGA, PARLIAMENT GRAPPLE WITH BUDGET PROVISIONS

Supplementary Estimates

Kingston THE DAILY GLEANER in English 15 Mar 84 pp 1, 3

[Text] Two unusual features in the First Supplementary Estimates 1983/84, which were approved by the House of Representatives on Tuesday, were pointed out by the Prime Minister, the Rt. Hon. Edward Seaga, who piloted the motion seeking their approval.

The first of these unusual features, he said, was the fact that the First Supplementary Estimates were brought to the House at this time. The reason for this, he explained, was the fact that the House did not sit during December (the usual time for the presentation of these Estimates), due to the holding of the General Elections.

The second unusual feature was the cut of \$150-million which was required from the Estimates of Revenue and Expenditure tabled in the House in May of last year.

Mr. Seaga said that cuts in the Estimates added up to \$137 million. The original Budget projected current resources at \$1989.10 million, while the out-turn was \$1850 million. Current expenditures were originally put at \$2124, while the out-turn was \$2394 million. Capital expenditures were originally put at \$652.4 million, while the out-turn was \$540.9 million. The over-all deficit was \$787.70 million, while the out-turn was \$1084.9 million.

Speaking on the financing of the Estimates, Mr. Seaga said that in the original Budget external financing was put at \$534.20 million, but ended up in the out-turn at \$648.90 million, while domestic financing which was put at \$253.50 million in the original budget ended up at \$436 million in the out-turn.

Mr. Seaga said that the Estimates reflected the impact of devaluation which resulted in an increase in the level of expenditure, a reduction of current resources arising out of the reduction of the imports of motor vehicles, and taxation measures which did not quite yield the original estimate.

Taken together with the reduction of the Capital estimates to the tune of \$137 million, this resulted in an increase in the over-all deficit.

The result was that the over-all deficit would be about 15.6 per cent of the GDP which was higher than it was last year; and therefore set the base for the determination of Government in relation to reducing the over-all deficit as a percentage of GDP in the forthcoming months.

Mr. Seaga also said that the Supplementary Estimates were unique in the sense that while they reflected cuts totalling \$137 million, they brought to the House a number of projects which were new and which indicated "an exciting new picture" of development programmes spread across the island.

These projects were listed by the Prime Minister as follows:

- The Japanese-Jamaica Coffee Project which aims at developing 3,500 acres for coffee growing in Portland, as well as the full development of the region;

- the Ministry of Agriculture's programme to establish clinical and support facilities to the veterinary division of the Ministry;

- the US/AID financed energy sector assistance project, to involve the private sector in energy conservation and alternative energy use;

- a tax review project to design and introduce a Jamaican tax system that supports the Government's recovery programme, as well as the structural adjustment through which the programme is pursued;

- a Jamaica Industrial Development Corporation factory-building programme, utilising a loan of US\$7.2 million negotiated with the Caribbean Development Bank, for the building of small-industries complexes and factories in Black River, Annotto Bay, Duke Street (Kingston), Constant Spring (St. Andrew), Montego Bay, Yallahs, Falmouth, Marcus Garvey Drive (Kingston, Lucea and Cockburn Pen (Kingston).

Mr. Seaga, speaking further on the Budget cuts, said that while a part of the reason for the departure from the original Estimates could be stated as the deliberate cut from the Budget of \$150 million, the departure was really a reflection of, insofar as expenditure was concerned, the impact of the devaluation and, insofar as the resource side was concerned, a reduction in certain areas of revenue-raising activities.

With regard to the current resource side, where there was a reduction of \$164 million. Customs collections showed a reduction of \$27 million; Stamp Duties \$15.8 million; Retail Sales Tax \$22 million; incremental group of taxes \$61.5 million; and non-tax revenue \$58 million.

This meant that the reduction in the resources of \$164 million could be attributed directly to those reductions.

Explaining the reason, Mr. Seaga said that the reductions in the Customs collections and Retail Sales Tax had to do with the reduced level of motor car imports for the year. Reduction of Stamp Duty was attributed to, in part, an

amount of \$11 million which is arrears owed by Air Jamaica for Stamp Duty collected but not paid over, with the rest reflecting a reduction in the level of air travel.

He said that the incremental taxes, which should have totalled \$75 million but which was reduced by \$61.5 million, had to do with the tax on second sale of motor vehicles which has not proven successful, as there are still many loopholes, and it was being looked at in relation to this year; as well as the introduction of the Insurance Tax, which has been held up by negotiations, and other compliance programmes which have not been as successful as expected.

The \$58.5 million reduction in the non-tax revenue, he said, was due to reduced proceeds from the Bank of Jamaica.

On the expenditure side, there was an increase in recurrent expenditure of \$270 million, which he said was almost entirely due to the effect of the devaluation.

There was an increase in external loans interest payments of \$77 million, and there were overseas payments by Ministries and other Departments which had to be increased as a result of the difference in the exchange rate; in addition to the amount spent subsidising basic food items, which totalled an additional \$90 million.

There was also the payment of interest of \$100 million which was originally scheduled to be paid in April, 1984, but which had to be brought forward into this financial year.

With the reduction of \$139 million in the revenue and the increase in the current expenditure of \$270 million, together with the further reduction of capital expenditure of \$137 million, the deficit increased to \$1,084 million, and in order to cover it \$297 million of additional financing was necessary.

This amount came in the form of \$114 million from external sources and \$182 million from domestic sources, he said.

The Estimates were approved after a brief debate.

Deficit Control Measures

Kingston THE DAILY GLEANER in English 22 Mar 84 p 1

[Text] Measures to bring the fiscal deficit under control are expected to be brought to the House of Representatives next Tuesday, the Prime Minister, the Rt. Hon. Edward Seaga, told the House, on Tuesday.

Mr. Seaga was speaking on a motion seeking approval for the transfer of \$93 million from the Capital Development Fund to the Consolidated Fund for financing the Current Account Budget.

In closing debate on the motion, which was passed by the House, Mr. Seaga said that this year would be the year in which the country would have to take "a giant step" in terms of reducing its fiscal deficit.

Mr. Seaga said that the fiscal deficit has risen from 3.7 per cent of G.D.P. in 1972 to the "horrendous figure" of 17 per cent during the 1970s; and it had become the duty of the current Government to seek to reduce the figure.

He told the House:

"This year is the year in which we shall have to take a giant step in terms of reducing the fiscal deficit, and I shall be coming to the House next week, I hope, with measures which will enable us to spell out how the fiscal deficit is going to be brought under control, because it is vital that we reduce this deficit to a level which is sustainable otherwise we will have to continue borrowing in large amounts to finance a deficit which was blown up to astronomical proportions in the 1970s."

When the deficit was brought under control and surpluses were developed on current accounts, it would not be necessary to rely so heavily on the Capital Development Fund for financing the Current Account Budget, he said.

Mr. Seaga had told a meeting of private and public sector business interests in January that there was a compelling need to bring the Budget deficit down without heavy reliance on the bauxite levy to do so.

He said then:

"This is a compelling need and this year's programme will set a course to be followed to enable us to do so and to continue to do so, until the deficit is in the range of 5 per cent of GDP, at which level we will have restored the Budget to a level of sustainable financing without excessive borrowings".

Capital Development Fund

Kingston THE DAILY GLEANER in English 23 Mar 84 p 3

[Text] At December 21, 1983, the Capital Development Fund, which is financed by proceeds from the bauxite levy, stood at \$313.1 million, Prime Minister and Minister of Finance, the Rt. Hon. Edward Seaga, told the House of Representatives on Tuesday.

Mr. Seaga, who was speaking on a resolution seeking the withdrawal of \$93 million from the Fund to finance the 1983/84 Budget, said that the Fund had been set up to facilitate the use of the bauxite levy proceeds and each year a sum was transferred to the Consolidated Fund for use in financing the current accounts budget.

Mr. Seaga said that this was the first withdrawal in the current financial year.

He said that as of December 21, 1983, the CDF stood at a total of \$313,120,000. Of that amount, some \$141.4 million was spent on development projects under the Jamaica National Investment Corporation and its subsidiaries, while \$111 million was spent on other projects. Local Registered Stock was valued at \$30 million, Government of Jamaica debentures--\$3.9 million, cash balance of the JNIC--\$1 million, and cash balance of the CDF--\$25 million.

Investments made by the JNIC included: National Sugar Company--\$11 million, Port Authority of Jamaica--\$7.5 million, Jamaica Local Registered Stock--\$30 million, Government of Jamaica debentures--\$3.5 million.

Amounts owing were; Jamaica Development Bank--\$40 million; the Jamaica Mortgage Bank--\$48 million; the Urban Development Corporation--\$3.5 million; the Forest Industry Development Company (FIDCO)--\$25 million; BRUMDEC--\$27.4 million; the Caribbean Cement Company--\$37 million; Jamaica Bauxite Mining Limited--\$29 million; and others--\$18.5 million.

The House also approved withdrawals from the CDF of \$1 million, to be disbursed by the JNIP to cover budgetary expenses which have been approved by the managing committee, and \$100,000 to be disbursed by the JNIP through the CDF to meet its administrative expenses which have also been approved by the managing committee.

He said that this was to separate different types of expenditure by accounting procedures, so as not to confuse the expenditure from the fund for financing subsidiaries with the operation of the CDF itself and the other operations of the JNIP in relation to investments.

The Minister of Education, the Hon. Mavis Gilmour, asked the Minister to consider whether some small amount of the money in the fund should not be allocated, on a regular basis, for capital development in areas of human resources development, including education.

Mr. Seaga said that withdrawals which are used in the budget were not allocated to any specific area, but was used in financing the current account budget.

The motion was approved by the House.

CSO: 3298/638

TEXT OF GOVERNMENT STATEMENT ON REYNOLDS SITUATION

Kingston THE DAILY GLEANER in English 12 Mar 84 pp 1, 3

[Text] Senator the Hon. Hugh Hart, Minister of Mining and Energy, said yesterday that his "priority concern" was now to seek to keep the Reynolds mining operation open, with or without the involvement of Reynolds."

At the same time, he said, "the concern of all who are interested in the economic survival of Jamaica must be to find constructive methods of overcoming setbacks and obstacles such as the Reynolds decision has presented to the country."

Senator Hart issued a statement in reply to comments and criticisms made by the Hon. Leslie Ashenheim P.C., and Mr. Horace Clarke, former Minister of Mining and Energy in the previous Government, anent the Reynolds decision to leave Jamaica.

Note was also taken by the Minister of yesterday's Gleaner editorial on the subject, which referred to "Reynolds' assets in the country". On this point, Senator Hart said:

"They are in fact the assets of a partnership in which the Government holds a 51 percent interest, and I make no apology in re-iterating that I have no intention of allowing any of these assets to leave Jamaica until the partnership has decided how they will be dealt with."

Following is the text of Senator Hart's statement:

"Mr Leslie Ashenheim and Mr. Horace Clarke have commented on the recent Reynolds decision to cease their north coast mining operations. Unfortunately, neither of these gentlemen has stated "the whole truth and nothing but the truth".

In the case of Mr. Ashenheim, this may well be due to a lack of understanding of the present day bauxite, alumina and aluminium industry. In the case of Mr. Clarke, this is doubtless due to political contamination of his interpretation.

"Reynolds has decided to cease their bauxite mining operations on the north coast because they have an opportunity to purchase other bauxite at a price substantially lower than they can mine it for.

"The recession, coupled with a steep rise in the cost of fuels, caused the closure of a number of aluminium, smelters in North America and thus the closure of some alumina refineries which supplied these smelters.

"With the closure of these refineries, there was inevitably a quantity of bauxite without a home, and under normal conditions bauxite production would have been curtailed.

"Because of the anomaly of what is called a take-and-pay contract, the free market concept is destroyed, and the producer subject to such a contract is required to continue to mine and pay for bauxite for which he has no need.

"Thus it clearly suits such a producer to sell that bauxite at a discounted price and so recover some of his loss, and it equally suits another producer to purchase that bauxite at a price substantially less than the cost for which he could mine it.

"It is such an opportunity which has been presented to Reynolds, and in the case of the Boke Mine in Guinea, from which at least some of this bauxite is being purchased by Reynolds, the take and pay arrangements continue until 1993.

"Accordingly, Mr. Ashenheim is in error in ignoring the economic opportunity from take and pay contracts and thereby attributing as the sole reason for 'Reynolds' departure from our shores,' the fact that Australia is underselling us.

"Further, Mr. Ashenheim should be reminded of two things: firstly, Reynolds have not departed from our shores, as they are presently with us through their investment and participation in Alumina Partners of Jamaica (ALPART); secondly, common decency should not be confused with 'special courtesies'.

"We did not ask for the latter; we did expect the former and Mr. Ashenheim should be sufficiently sophisticated to recognise the difference.

"Whilst on this topic, let me say that I not only sympathise with Mr. Ashenheim's views regarding the manner in which the 1974 bauxite levy negotiations were handled; I share them.

"Like Mr. Ashenheim, I was also part of those negotiations, and I am on record as stating many times to the bauxite and alumina companies operating in Jamaica that I could never defend the manner in which the negotiations were conducted, nor could I ever defend the authocratic abrogation of a contract.

"However, I deprecate just as strongly the behaviour of Reynolds who, after 32 years of mining in Jamaica, chose to give us little more than 32 hours' notice of their intention to announce that they would cease mining bauxite on the north coast in April of this year.

"The total disregard which this attitude shows for the feelings of the company's 200 employees, and the insensitivity to the serious effects which their action will not only on these employees and their families but on the country's economy as a whole, cannot in my mind--and should not--be justified.

"Mr. Clarke, in his offering on the matter, seeks through sleight-of-tongue to distort the Reynolds statement to fit his preferred political interpretation.

"In dealing with the bauxite levy imposed in 1974 and subsequently amended in 1979, he goes on to claim that the company "made it very clear" in its statement that its decision was not linked to the levy. For the sake of veracity let me quote from the Reynolds statement:

"The decision to discontinue Reynolds bauxite operations in Jamaica...was in no way related to the principles of the bauxite levy on which negotiations have just been concluded (my emphasis) and which the company felt pointed in the right directions."

"Clearly the statement was referring to the new levy regime which has been negotiated and not to the previous one which is being replaced, as Mr. Clarke would wish us to believe. This is not the first attempt being made to mislead the public on this particular point, but I certainly hope it will be the last.

"This bit of naughtiness aside, I must commend Mr. Clarke on his well informed commentary, including up-to-date statistics on the movement in Reynolds' worldwide capacity. One's curiosity cannot help but be roused at a former P.N.P. Minister, three years out of Office, being able to command such current information.

"This being the case, I see no need, nor indeed am I so minded, to accept Mr. Clarke's apparent invitation to assist him in his dispute with Mr. Ashenheim."

CSO: 3298/638

JAMAICAN DOLLAR IN NEW DEVALUATION, PARITY 'BAND'

Exchange Rate

Kingston THE DAILY GLEANER in English 29 Mar 84 p 1

[Text] A new Parity Order, setting a new "band" within which the exchange rate for the Jamaica dollar vis-a-vis the United States dollar will be determined through the exchange auction, was signed yesterday by the Prime Minister and Minister of Finance, Rt. Hon. Edward Seaga.

The new band is J\$3.40 = US\$1.00 at the lower limit and J\$3.70 = US\$1.00 at the upper limit. With effect from today's auction, bids must be within the new band.

The public is reminded by the bank that the maximum bid price may not exceed the rate at the upper end of the band less four cents Jamaica per U.S. dollar. Based on the new band, bids must be between \$3.40 and \$3.66 per U.S. dollar.

The pool of funds available for today's auction is US\$2.5 million.

Latest Devaluation

Kingston THE DAILY GLEANER in English 30 Mar 84 p 1

[Text] As a result of the latest Parity Order signed by the Prime Minister and Minister of Finance, the Jamaican dollar has been further devalued.

The new quotation for the Jamaican dollar as against the U.S. dollar is J\$3.66 buying and J\$3.70 selling. The extent of the devaluation is 4.2 per cent.

Rates of exchange with respect to the other principal foreign currencies have also been changed accordingly.

Please see the Bank of Jamaica Foreign Exchange Rates listing on page 30 today.

Legal Tender Issue

Kingston THE DAILY GLEANER in English 30 Mar 84 p 1

[Text] The Government's announcement to the effect that all transactions in the Tourism Section will be made in Jamaican dollars effective Monday March 19, has caused near chaos in that section as far as the payment, by tourists, for goods and services are concerned. Despite the tabling of Ministry Paper No. 10 in the House by the Minister of Finance and its subsequent approval, the question has arisen as to whether the Jamaican dollar can legally be considered the "only" legal tender in Jamaica under existing laws or whether the Jamaican Government would have to table a Bill in the House to effect this change.

We have found that existing laws, in particular the Bank of Jamaica law sections 11 and 16, as amended, and in force since 1960, have identified the Jamaican dollar as the only legal tender in Jamaica. It however gives the Minister authority to vary the provisions of the law, to the extent that the Minister considers it necessary or expedient, given the particular circumstances. The variation of the provisions of the law is however subject to negative resolution.

This means that unless a negative resolution was carried against Ministry paper Number 10 the Government can vary the legal tender of any section of the economy as it sees fit without having to pass another law to do so.

The Government was therefore acting within existing laws in varying the legal tender in the hotel Section prior to the Ministry paper Number 10 and in the current situation.

We can only sympathise with the persons directly affected by this move, in the Tourism section and hope that the chaos and confusion now evident will be negated soon.

Seaga on Tourist Payment System

Kingston THE DAILY GLEANER in English 30 Mar 84 pp 1, 3

[Text] Prime Minister Edward Seaga said on Tuesday that the channelling of foreign exchange earnings from tourism into the official system has been placed on the right track at last, by the new payments system in the tourist sector.

Mr. Seaga was speaking in the debate on the motion moved by him, seeking approval of Ministry Paper Number 10, which deals with the new payments system introduced in the tourist sector.

The new system lays down that all transactions in Jamaica should be made in local currency, and sets up the National Retained Account, a single overseas account into which foreign currency earned abroad by the tourist sector will be lodged in the name of the Bank of Jamaica. The motion was passed.

Speaking on the function of the hotels as exchange bureaux, on the basis of which they could now exchange local dollars for foreign currency, the Prime Minister said that there could be little question that the results were beginning to show.

Mr. Seaga dealt with the situation using figures from average daily purchases by the commercial banks in January, February, for the period March 1-15, and since March 15 when the new regulations came into force.

He said that it was always projected that the daily purchases by commercial banks in the three months should be at the level of around \$2 million per day.

But in January it was \$1 million per day, in February, which should have been a better month, it was \$970,000 per day; and in March (between the 1st and the 15th) which is supposed to be the best month, it only marginally increased to \$1.1 million a day. While, on March 16, inflows started averaging \$1.8 million or nearly the \$2 million target.

"This is without the hotel receipts themselves coming into the system. If such receipts, as well as the receipts from car rental agencies, and from ground tour operators were in the system, I have no doubt that the target which we originally set would have been achieved," he said.

"So we can say that, in view of the original target which we had set ourselves, when the Parallel Market was brought into operation, of \$2 million a day during the high season, is now likely to be realised by the new system which has been put in place. I believe it will be exceeded, because I believe that the target was always under-estimated because of lack of information.

"I believe that when the true flows come into the system that it will be exceeded, but it will be exceeded at a time when the season is just about to end and to go into a low period and, therefore, at that time there may be a trailing off of the daily receipts; which means therefore, that we are in fact on the right track at last.

"I know that this is going to be dependent upon the extent to which we spend time running down rackets, as against giving attention to making the system work more effectively and more efficiently for everybody."

Already in one major hotel in Montego Bay, receipts had been received in which the rate of exchange offered for changing US\$20 was J\$60 (three for one) and at the same hotel US\$40 at the rate of \$3.30.

"It appears that those persons who are involved are not aware that monitoring is taking place, and as we do not want to necessarily have to go through the process of legal recourse, I hasten to assure them that monitoring is taking place, and when monitoring takes place, it means you make sure you are in the right, because if you are in the wrong there is ample good reason for everyone now to realize what happens to those who are in the wrong."

Speaking on the new payments system, Mr. Seaga said that the Government had acted on the presumption that 95 per cent of the people who came to Jamaica were law-abiding citizens who wished to enjoy a holiday and not to run afoul of the law. He said that the Government had acted previously on the assumption that the great majority of Jamaicans were also of that category and would sell foreign exchange to the banks, but history would tell which of the assumptions was appropriate and correct.

"Whether in foreigners we can put greater trust in terms of being law-abiding and keeping within the laws of the country, than we can put in our own people," he said.

In order to ensure that people were properly advised of the policies, the Ministry of Tourism had devised a "simple little card" which would later be developed into a proper presentation by way of leaflet, advising all visitors that it was the law of the country that only local currency was legal tender and that there were severe penalties for breaches.

He said that the cards were given to every visitor and the same notice was supposed to be put up on the mirror in the bathroom in each room of every hotel.

"We are therefore, in introducing this new system, saying to the hoteliers, the U-drive operators, the local tour operators who are accustomed to operating by package tours or pre-bookings with some overseas operator on the basis of which a dollar credit is held for them abroad, that these credits, these funds, must be directed into one National Retained Account.

"That National Retained Account will hold individual accounts for each of the enterprises, whether it be hotel, car-rental agency or tour operator. And in respect to the hotels, they will have the right to draw on that National Retained Account to satisfy their needs for the import of raw materials and to meet other operational expenditure that requires foreign exchange; in so doing they do not have to participate in the auction system."

That fund has only just been set up, and he believed at the moment there were some inflows coming into the system, but the legal machinery to trigger those inflows had only gone to hand when an order was dispatched last week-end under the Exchange Control Law, requiring all hoteliers, car-rental agencies and ground-tour operators to notify those overseas correspondent agencies with whom they have agreements, to forward proceeds that they were holding for them into the National Retained Account.

He said that the order carried the force of law and each person in receipt of such an order had seven days within which to so direct the overseas establishment, whether it be tour operator or hotel representative, and had a three-day period to notify Bank of Jamaica that it has done so.

"I sincerely hope that I will not find in this instance some of the same responses which led us to introduce these measures, in the first place,

from among those who are principals in the resort industry who have so far had a disgraceful record in terms of complying with simple regulations which are designed to give us the basic information in this industry, which is the second highest foreign exchange earner in the economy," he said.

He said that it might surprise Members of the House to know that in the industry neither this Government nor previous governments had information of any substance to work with.

Information available from the Ministry of Tourism was only the numbers of visitors who passed through the airports, and under those circumstances the door was wide open for actions to be taken to defeat the national intent. Because since it is not known how many visitors go to the hotels, it could not be verified how much foreign exchange should come from the hotels.

He said the Government had had to develop an elaborate system of monitoring which had been going on for more than one year and which has been computerised. The system has given the data on reasonably accurate estimates of the numbers of visitors to particular hotels and the foreign exchange earnings against which the lodgements could be checked.

"I wouldn't like to read out in this Parliament what the results of that monitoring system has told us. I don't propose to, because I expect to have co-operation, and on that basis I expect to see the past forgotten and everyone turn over a new leaf," he said.

Mr. Seaga said that simpler things, such as obtaining information from the hotels on the basis of filling out immigration cards which the visitor presented to the hotel to be filled out and deposited, giving information as to where the people were coming from, had not been observed.

All that was required from the card was the information about where the tourists were coming from, so that the Ministry of Tourism would have some data to plan from. Yet, in terms of completion of the cards, hotels had completed mainly between two per cent and 30 per cent, and only on the rare occasion more than 50 per cent of the enquiry.

This happened despite an amendment to the Exchange Control Law increasing the penalty for non-compliance. He said that those who had not complied had jeopardised themselves.

Mr. Seaga said that it was too early to predict how much would flow through the National Retained Account, although it was an attractive arrangement to the hotels to allow them to get their required foreign exchange, without having to go through the action.

"I want to say these things so that people may be aware of some of the struggles behind the scenes. I don't say it all, not by any means; and I hope that I don't have to say it all," he said.

CSO: 3298/690

FOREIGN EXCHANGE, MONETARY MEASURES DISCUSSED, ADOPTED

Seaga on New Exchange System

Kingston THE DAILY GLEANER in English 15 Mar 84 p 1

[Text] A NEW FOREIGN EXCHANGE regime is being introduced. Under it, all foreign exchange collected by the commercial banks is to be turned into the Bank of Jamaica, and an allocation of the sum available to the banks and other interest will be made on the basis of a new auction system.

Prime Minister Edward Seaga announced the new arrangement yesterday under which the setting of the foreign-exchange rate will be done in future. The new auction system which will be operated twice weekly, will come into force next Tuesday, March 20.

Commercial banks ceased selling foreign exchange yesterday, as a preliminary to the introduction of the new system. Top officers of the Bank of Jamaica were also in conference with the Prime Minister at Jamaica House, in preparation for the bank's new role in the foreign exchange mechanism.

Mr. Seaga issued the following statement yesterday afternoon:

"A revised foreign exchange system has been introduced today by the Bank of Jamaica to replace the foreign exchange rate-setting mechanism that was established last December."

"As of today, all commercial banks will sell all foreign exchange purchased by them to the Bank of Jamaica."

"In addition, a new auction system will commence next Tuesday (March 20) which will require persons, companies or organisations seeking to purchase foreign exchange to submit sealed bids to auctions held by the Bank of Jamaica twice weekly."

"Under the new system, a larger number of bidders than was previously the case will submit applications for the amount which they require to purchase, specifying the rate of exchange which they are bidding."

"The previous system had failed to work principally because the number of bidders permitted was too few to allow for a wide enough spread of interest to ensure results in which confidence could be placed, and activity at the auctions has been at a standstill for some time.

"Because of this, as previously indicated by me, I had asked that the system be revised and changes made to make it more effective.

"Participants in the auction will now be commercial banks, importers with due and outstanding control approvals from the Bank of Jamaica.

"The minimum bid will be U.S. \$50,000 and participants must deposit in advance, with their commercial banks, the Jamaica dollar equivalent of the required foreign exchange. Bids under U.S.\$50,000 must be made through commercial banks, which will participate in the bidding on behalf of such purchasers.

"Banks will also bid to service their own outstanding obligations and to obtain foreign exchange to service clients who require small amounts for travel, etc.

"Public-sector enterprises with due and/or outstanding foreign exchange obligations of U.S.\$50,000 or more, other than those that are paid by the Bank of Jamaica, will also participate in the auction.

"As before, the exchange rate will be set within an adjustable band with a range of J\$0.30 between the upper and lower limits. The band will be determined from time to time by the Parity Order which is in effect.

"The band for the auction to be held next Tuesday will be the current one of the J\$3.25 to J\$3.55 to the U.S. dollar.

"The daily rates will be set through the foreign exchange auction to be conducted by the Bank of Jamaica twice weekly on Tuesdays and Thursday. The rate which clears the auction will be the buying rate for the days following the auction, and the selling rate will be the buying rate plus J\$0.94."

Fate of Exchange Control Act

Kingston THE DAILY GLEANER in English 15 Mar 84 p 1

[Text] What is the fate of the Bill to amend the Exchange Control Act which has met with some amount of criticism because of the provision in it to hold directors of companies personally responsible for any foreign-exchange impropriety in their companies.

According to the legislative calendar, the Bill should have been taken in the House of Representatives on Tuesday but it was not reached, although the Prime Minister and Minister of Finance, the Rt. Hon. Edward Seaga, whose Bill it is, was in the House.

From what the "Gleaner" understands, feeling is divided within the governing Jamaica Labour Party as to the efficacy of the Bill, and, in view of the grave public concern which has been expressed over the above-mentioned provision, it may not be taken in a hurry but allowed to languish on the Table of the House.

Effort by the "Gleaner" yesterday to reach the Leader of the House, the Hon. J.A.G. Smith, for a comment on this possibility as well as for information on the current status of the Bill were not unsuccessful.

Mr. Edley Deans, the Clerk of Parliament, who was reached, was only able to say that the Bill was still on the Order Paper.

Tourism Requirements

Kingston THE DAILY GLEANER in English 17 Mar 84 pp 1, 3

[Text] As from Monday, all transactions in the tourism sector of the economy will be made in Jamaican dollars.

This was announced last night from Jamaica House as the Government prepared to institute the new foreign-exchange system which comes into effect next Tuesday.

Prime Minister Edward Seaga issued the following statement on the subject:

"In order to stop the diversion of foreign exchange to the 'street market' and to improve the balance of payments and build up reserves at the Bank of Jamaica, the Government is introducing a new payment system in the tourism sector which will require visitors to pay for all services in Jamaican dollars.

"Accordingly, effective Monday, March 19, 1984, all transactions in the tourism sector will be made in Jamaican dollars.

"In addition, a National Retained Account (N.R.A.) will be established overseas in the name of the Bank of Jamaica, to which all payments due to hotels by wholesalers, tour operators and any other originators of bulk business and packaged tours, as well as by hotel representatives and travel agents will be made.

"Correspondingly, the hotels will then be paid out by the Bank of Jamaica in Jamaican dollars.

"A major problem in harnessing foreign exchange reserves has for some time been the growth in the black market in U.S. dollars, fed by leakages in the tourism sector, which accounted for more than half of the U.S. \$170 million estimated to have been diverted last year.

"A series of measures introduced by the Government in 1983 to improve foreign exchange flows to priority areas did not produce the desired result and the diversion of funds to the 'street market' has continued unabated.

"As a consequence, the level of foreign exchange available to the banking system has been inadequate to finance the essential requirements of the economy, while 'street market' dollars are being used to finance non-priority consumer imports and capital flight. Hence the introduction of the new measures.

"To facilitate visitors, exchange bureaux will be operated in hotels and cruise-ship piers, in addition to those already operating at the international airports. Existing exchange facilities at points of entry will be increased to accommodate visitors on arrival, and a receipt system will be introduced to enable tourists to re-convert Jamaican dollars into foreign currency on their departure.

"Visitors will be required to change foreign currency only at exchange bureaux or at commercial banks, and, under the Exchange Control Act, the Minister of Finance will designate hotels as authorised foreign-exchange dealers.

"Hotels and other related foreign-exchange operators are being instructed by the Bank of Jamaica to advise booking agents overseas to make payment to the National Retained Account as from Monday, March 19.

"The National Retained Account will be administered by the Jamaica Reservation Service, a Government-owned company based in Miami, and the hotels will be allowed a certain percentage of these receipts to buy food, drink and other necessary supplies.

"Under the new arrangements, all currency regulations must now be prominently displayed in these establishments, including vehicles used in the ground transportation sector of the industry.

"A major security offensive will be mounted to deal with touts and pimps who will be removed from tourist areas.

"This evening (Friday, March 16) I briefed representatives of all the sectors of the tourism industry on these regulations and they agreed to accept the Jamaican dollar as the legal tender and to the establishment of the exchange bureaux. They also agreed in principle to the N.R.A.

"A joint committee is to be set up with the tourism sector and the Bank of Jamaica to iron out details relating to it.

"The Committee will meet at the Bank of Jamaica auditorium tomorrow.

"As a result of tonight's meeting, consideration is being given to joint supervision of the N.R.A. by representatives of the B.O.J. and the tourism industry.

"It is important that the visitor should be aware of the new regulations and of the currency laws in Jamaica to avoid penalties for breaches. Accordingly, a public education campaign will be conducted by the Ministry of Tourism during the next few months".

Details of New System

Kingston THE DAILY GLEANER in English 17 Mar 84 pp 1, 3

[Text]

DETAILS OF THE NEW foreign-exchange system and how it will operate were given by the Bank of Jamaica yesterday.

A news release issued by the bank spelled out the new mechanism as follows:

"A new foreign exchange auction system for determining the exchange rate and allocating foreign exchange will come into effect on Tuesday, March 20, 1984. These auctions will be held twice weekly on Tuesdays and Thursdays at the Bank of Jamaica.

"Eligible participants in these auctions will be the commercial banks and bona fide importers and others in the private and public sectors with due and/or outstanding foreign exchange payments in excess of US\$50,000. Persons or companies with obligations of less than US\$50,000 will bid through their commercial banks.

"In addition to the bids for which they will act as agents on behalf of their customers, commercial banks may also bid resources on their own account to meet requirements relating to medical, educational, business and vacation travel expenses as well as outstanding letters of credit opened for their clients under facilities extended by overseas correspondent banks.

"Non-bank private sector participants at the auction must produce a letter from a commercial bank certifying the following:-

- (1) the amount of the applicants's due and/or outstanding foreign exchange obligations based on valid import documents and/or forms F.E. approved by the Exchange Control Department of the Bank of Jamaica;
- (2) the amount of Jamaica dollar that the applicant has deposited with his bank;
- (3) that the bank guarantees full payment of the equivalent Jamaica dollar to Bank of Jamaica in case the applicant's bid in the auction is successful;

"Public-sector enterprises with due or outstanding foreign exchange obligations of US\$50,000 or more than those normally paid by the Bank of Jamaica shall participate at the auction. Such enterprises must validate participation by producing evidence of the deposit of domestic currency equivalent with a commercial bank or the Bank of Jamaica whichever is applicable;

"Foreign exchange sold to a successful non-bank bidder at the auction will be transferred to his commercial bank for payment of the specific transactions for which the bid was made.

"Bids by commercial banks and other participants must be within the band determined by the Parity Order in effect on the auction date. The initial band within which auctions will take place is J\$3.25 to J\$3.55 per U.S. dollar. The maximum bid may not exceed the rate at the upper end of the band, 10 cents Jamaica per U.S. dollar. Based on the present rate, bids must be between J\$3.25 and J\$3.51 per U.S. dollar.

"Payment for foreign exchange sold at the successful bidders will be at the price which clears plus a commission of two cents Jamaican per U.S. dollar for banks and four cents Jamaican for non-bank parties.

price which clears the market will be the banks' buying rate for the U.S. dollar from the public during the days following each auction up to the day of the next auction.

"The amount of funds to be auctioned will be published in the Daily Press on the morning of each auction. Applications must be on the prescribed forms which can be obtained from commercial banks or Bank of Jamaica. They must be placed in sealed envelopes clearly marked 'Bid for Foreign Exchange Auction' and handed to the Receptionist in the Banking Hall, Bank of Jamaica not later than 10.00 a.m. and those which are not supported by the required documentation will be disregarded.

"Commercial banks and the business sector will each nominate one representative who may participate at the auction as an observer.

"Further information regarding auction procedures can be obtained by contacting the Operations Department, Bank of Jamaica, Telephone: 92-20831."

Exporters' Complaint

Kingston THE DAILY GLEANER in English 17 Mar 84 p 3

[Text] Concern at the Government's introduction of yet another new fiscal measure for regulating allocation of foreign exchange has been expressed by the Jamaica Exporter's Association.

"Once again fiscal adjustments have taken place without any prior consultation with the sector responsible for developing non-traditional exports. Once again, new economic measures have been instituted which give no recognition to the sector on which great dependence is placed in the earning of foreign exchange," the association said in a statement issued yesterday.

"We are most concerned with the serious consequences of the new measures on the export community, which perpetuates the error made on November 23rd, when the retention of export earnings was abolished.

"These effects are particularly critical to those exporters whose needs are not sufficiently large to require bidding at the twice-weekly Bank of Jamaica auctions. For this group, the commercial banks become responsible for the decision as to priorities to be given to individual applicants.

"The Association views as inequitable the denial of foreign exchange to those net foreign exchange earners who are exporteers, and who require the proceeds of their export sales for the purchase of raw materials and packaging to sustain their export business.

"Comin in the wake of failure in revitalising the Export Development Fund, the high rates of interest charged by the Jamaica Export Credit Insurance Corporation for export credit, the severe restrictions imposed by Ministry Paper No. 5, and the continuing difficulties in importing raw materials and packaging, these latest restrictions have done nothing to improve the outlook for the export community."

Further Devaluation

Kingston THE DAILY GLEANER in English 21 Mar 84 p 1

[Text] A new foreign exchange rate of \$3.51 (Jamaican) to the U.S. dollar was established yesterday as the first auction under the new system was held by the Bank of Jamaica.

This new rate represents a further devaluation of the Jamaican dollar of 8% from the buying rate of \$3.25 which had obtained up to yesterday.

Bids amounting to \$10.2 million were received by the bank at this new top-of-the-band rate, which was the rate that cleared the auction, a BOJ source said last night.

Bids under that rate, amounting to \$1.08 million, were unsuccessful, as the bigger bids at the higher rate were the ones accepted, to be pro-rated for a share of the pool of \$2.1 million which was up for auction.

There were also bids totalling \$15 million but these were disqualified for what the BOJ source described as "one reason or another", but basically because they failed to conform to the rules of the auction.

This means that the total amount of bids received by the Bank of Jamaica was \$26.28 million.

According to the present systems, the pool available for the auction is made up of the intake of foreign exchange by the commercial banks put into the Bank of Jamaica, for the banking days but one preceding the auction.

Yesterday's pool of \$2.1 million represented the "take" for Wednesday, Thursday and mid-day Friday of last week, but not that of Monday, which was the day immediately preceding.

Tomorrow's auction will have a pool made up of the takings for Monday and Tuesday of this week, but not today's, which is the day immediately preceding.

Bids enclosed in sealed envelopes were opened at the Bank of Jamaica at 10 a.m. yesterday and the results of the auction announced at 2.30 p.m.

As is shown in the Bank of Jamaica exchange rates published on the Financial Page in today's Gleaner, the new exchange rate for the Jamaican dollar against the U.S. dollar is \$3.51 buying and \$3.55 selling.

Exchange Act Amendment

Kingston THE DAILY GLEANER in English 21 Mar 84 pp 1, 3

[Text] THE HOUSE OF Representatives yesterday passed an amendment to the Exchange Control Act, giving power to the Minister of Finance to ensure the return of export earnings to Jamaica while providing for stiff penalties to be imposed on offenders of the new provisions.

Moving for the passage of the Bill on the amendment, which provides for chief officers of firms to be imprisoned or fined if it was found that they had not prevented commission of offences against the Act in their companies, the Prime Minister and Minister of Finance, the Rt. Hon. Edward Seaga, said that a number of companies had so fallen foul of the law as it existed that the Bank of Jamaica had had to refer cases for legal action to be taken.

Mr. Seaga noted that a sum of U.S.\$44.4 million in export earnings which should have been lodged at the Bank of Jamaica four months ago was still being held overseas, as he gave reasons for the amendment of the Act.

He told the House of a move by the Jamaica National Export Corporation to design the forms relating to exports into one form which would record exports and the remittance of funds. The JNEC, using data gathered by the Department of Statistics and the Bank of Jamaica, was able to marry all the data and to determine which goods were exported and funds not repatriated in a period in excess of 90 days under the regulations, he said.

"It is sad to say that the findings of the programme under the project carried out by the JNEC indicate that a very substantial balance of funds are still being held overseas," Mr. Seaga added.

The legislation, therefore, was to ensure that the Government had full powers to require repatriation of the outstanding funds overseas, he said, hoping that in instances where "this dramatic force" had had to be taken it would serve the purpose of indicating to everyone that the Government's intention was to ensure that foreign exchange earnings were repatriated to the country.

"We do not intend to carry out our own strategies at great sacrifice, borrow funds, purchase raw materials while some exporters retain the foreign exchange earnings overseas which should be brought back into the country to pay back the debts incurred for the funds borrowed for the purchasing of their raw materials and capital goods input," he said.

Giving details of the amendment, Mr. Seaga said that exporters were going to be required to comply with directions given to ensure that such foreign exchange was used and accounted for in accordance with conditions that were imposed.

The new order made it an offence to fail to comply with the provisions and provided that on summary conviction, a person guilty of an offence was liable to a Resident Magistrate's Court fine not exceeding \$50,000 or an imprisonment for a term of up to two years or to both fine and imprisonment.

On conviction before a Circuit Court, the person convicted is liable to a fine not exceeding three times the value of the gold or foreign currency or a fine not exceeding \$100,000 or imprisonment not exceeding 10 years or both the fine and imprisonment.

"Where an offence is committed by a body corporate persons who are directors, general managers, secretaries or similar officers of the body corporate or who

are purported to acted in any such capacity will be deemed to be guilty of the offence unless able to prove that the contravention was committed without their consent or connivance and had used diligence to prevent the commission of the offence," Mr. Seaga said.

He told the House that this particular provision had raised some comments among the business community; however he said that the provision had many precedence.

"It is a repetition in the particular context of the amendment to the amendment which appeared in the fifth schedule of the principal act, paragraph 1 Sub. paragraph 2. It is also to be found in the Trade Act, section 13(2) in force since 1955. The wording in the Trade Act is virtually the same wording of the provision which has now been provided for in the Exchange Control Act.

"It is further to be found in the Excise Duty Act, Section 1(22), an Act in force since 1942; in the Income Tax Act, Section 41(4) amended in 1970; and more latterly to be found in the H.E.A.R.T. Act which was passed in this House last year, Section 24(3). The wordings in these other legislative provisions are virtually the same, in fact, the main difference is mainly the category of offender."

Mr. Seaga said that in the years in which these Acts had been in operation and the provisions in place there had been no fault found with how they had been exercised and there "ought to be no question whatsoever concerning the exercise in this instance of this provision in this amending Bill to this legislation."

Mr. Seaga referred to the new foreign exchange system instituted this week on which a Ministry with a resolution was before the House about and would be the subject of debate next week.

He said that the system would reduce considerably the amount of foreign exchange which was found on the streets by way of tourism purchase and payments by visitors, fuelling the black market and providing the basis for expenditure of a large amount of the country's earnings.

"We hope that the programme which has now been introduce will considerably improve the situation and indeed we shall see the results of it soon enough as the proceeds in the banking system start to show improvement," Mr. Seaga said.

The height of the tourist season was approaching and with the advent of the low season there was going to be a natural fall in expenditure by the tourism section, consequently there would be fall in proceeds going into the banking system, he said, noting that he had pointed this out lest anyone show confuse this reduction and misinterpret to mean that the new system was not generating more flows, he said.

He announced to Members that they would be pleased to know that the Government had received the co-operation, so far, of the hotel section in the setting up of the National Retained Account in which the Bank of Jamaica would share the tourism earnings.

"I can't speak at this time as to whether we will find the same co-operation when the account begins to operate and an assessment is made as to whether all the proceeds are being directed to the National Retained Account," he said.

Speaking in the brief debate that followed Mr. Seaga's presentation, Mr. Neville Murray (West Central St. Mary) voiced concern as to whether the exporters had to remit 100 per cent of the invoice value of exports, in view of the fact that exporters had to do promotion and advertising abroad.

Supporting the motion, Mr. Pat Stephens (West St. Andrew) called for a national information drive to educate the public on the importance of foreign exchange and a drive against exporters of foreign exchange.

Closing the debate, Mr. Seaga said that foreign exchange belonged to the country and, under the laws of the country, it must be sold to the Bank of Jamaica.

He told the House that one of the greatest areas of leakages in the country came from a group of exporters who were not producers but who bought from the farmers and exported produce with considerable under-invoicing.

A survey was being completed on such exporters of ethnic foods to determine where the exports were under-invoiced. It had been found that yellow and negro yam were invoiced up to 40 per cent below the farm gate price; 70 per cent below the cost at which the yams had been purchased; dasheen, 15 per cent below the existing price; and pumpkins 77 per cent below the farm gate price.

"Under the powers of this amendment which we are passing today, the Ministry of Finance will be able to direct that information be provided and that the funds be repatriated and the penalties are very severe," Mr. Seaga said.

Amendment Oversight

Kingston THE DAILY GLEANER in English 23 Mar 84 p 1

[Text] The Exchange Control (Amendment) Act 1984 was passed by the House of Representatives without any amendment to the offending sub-section 6 of the new section 6a.

Sub-section 6 states inter alia that not only will directors and specified officers of a company be guilty of the offence committed by the company, but also that such officer must prove that he did everything in his power to prevent the commissions of the offence.

The legal precedent referred to in the House for upholding this section is hardly sufficient reason for the passing of that section of the Act into law.

Foreign exchange, unlike Income Tax or Excise Duty, is extremely sensitive and it is very likely that the offence can be committed without the knowledge or consent of the category of officers named. The business community is therefore justified in viewing the passage of the Bill with the present wording of subsection 6 with extreme concern.

We would sincerely hope that Government will, even at this late stage, heed both the concern of the business community and that of the Bar Association, and amend that section in so far as it presumes the director or officer of he company guilty until he proves himself innocent.

One certainly hopes that the spirit of temperance will prevail and that an amendment repealing this section will be forthcoming soon.

Unchanged Exchange Rate

Kingston THE DAILY GLEANER in English 22 Mar 84 p 1

[Text] No further devaluation of the the Jamaican dollar against the U.S. dollar occurred yesterday as the foreign exchange rate of \$3.51 (Jamaican) to the U.S. dollar was retained after the second auction in the new system which began on Tuesday.

Yesterday, a pool of U.S.\$3.1-million was up for auction. There were 101 applicants with a total amount of U.S.\$43.4-million, but bids amounting to US\$9.2-million did not qualify. Bids amounting to US\$34.2-million went into the auction, according to a Bank of Jamaica source.

Under the present system, the pool available for the twice-weekly auctions is made up of the intake of foreign exchange by the commercial banks put into the Bank of Jamaica, for the banking days but one preceding the auction.

Yesterday's pool of \$3.1-million represented the take from Monday and Tuesday of this week, but not Wednesday's, the day immediately preceeding.

Bids enclosed in sealed envelopes were opened at the Bank of Jamaica at 10 a.m. yesterday and the results of the auction announced at 2.30 p.m.

PNP Criticism

Kingston THE DAILY GLEANER in English 22 Mar 84 p 12

[Text] Mr. P.J. Patterson, Chairman of the People's National Party, said on Friday that the Party regarded the new foreign exchange measures announced by the Government "as yet another confused step in an unending series of tragic blunders in the handling of the economy."

A statement issued by Mr. Patterson said:

"The position of the Bank of Jamaica in the new system has merely changed from that of a spectator at the auction to the role of auctioneer instead. It fails to accord to the Bank of Jamaica effective control in the handling of scarce foreign-exchange recourse and is a continuation of the misuse of this most important State institution.

"The P.N.P is concerned at the continued confusion, uncertainty and chaos which seems certain to result from these new measures which have obviously not

benefitted from the level of thought and analysis needed for a crisis of this magnitude.

"These new measures represent just another in the series of half-baked ideas which the Government has foisted on the country over the last fourteen months.

"First, in January 1983, there was the proclamation of the Parallel Market which was launched as a scheme to promote exports. This was quickly modified to respond to the outcries of our CARICOM partners whose legitimate concerns had been ignored.

"Next, there were modifications to the Parallel Market in June and August. A full devaluation followed in November.

"So in the space of 14 months, there have been six major direct changes from the Government on this most critical area of exchange-rate policy. The present rate of depression and confusion which envelops all who need foreign exchange to carry out their legitimate business is not surprising.

"The situation has been made worse by other actions such as the presentation and retraction of a Bogus Budget as well as an import licensing policy which changes from month to month.

"As regards the new measures themselves, it is not clear who can participate.

"Will individuals or organizations with no direct involvement in productive activities but with access to large amount of Jamaican dollars be allowed to participate in the auction and bid the rate upwards to the detriment of more deserving parites?

"What precise steps will be taken to ensure that key productive areas of the economy, at present struggling for survival, will be guaranteed access to their fair share of whatever resources are available?

"Will persons who need no licences to import good or raw materials be able to participate in the auction?

"How will the needs for approved medical or educational expenses be met if one's banker is not successful at the auction?

The P.N.P. is also very concerned about the requirement that public-sector enterprises with foreign exchange obligations of US\$50,000 or more, which are not covered by the B.O.J., must also participate in the auction. This requirement raises the disturbing prospect of state sectors using public funds to bid against each other.

"Furthermore, what happend if several State agencies are unable to find adequate Jamaican currency to purchahse foreign exchange at the rate which clears the market? Does this mean that these foreign obligations will not be met? The P.N.P. finds such a prospect unacceptable.

"The People's National Party feels that the new measures reflect the absolute bankruptcy of the Government, both literally and in terms of ideas of how to extricate the country from the economic quagmire in which they have dragged the country.

"The People's National Party rejects any foreign exchange regime which ignores the central role of the Government to allocate scarce resources to priority areas of the economy or to meet the vital needs if the society is to survive. The Government stands condemned for shirking its clear responsibility.

"The Party will keep these measures under close scrutiny and will issue a more detailed critique if these measures, unlike previous ones, last long enough."

CSO: 3298/639

ECONOMIC PUNDITS ASSESS PLIGHT OF PRIVATE SECTOR

Credit Squeeze

Kingston THE SUNDAY GLEANER in English 11 Mar 84 p 11

[Article by Mark Ricketts]

[Text] It is rather ironic that government's move to arbitrarily restrict credit to the private sector is not matched by a similar directive to the public sector. And the effect of this discrimination will be an unnecessary crowding out of the private sector by government agencies. In addition contraction in output and employment will be higher than need be.

At the moment a 12 per cent increase in the level of commercial bank lending as of the end of December 1983 is being strictly enforced. In fact such credit is to increase by no more than 3 per cent. However selected public entities are not caught within this ceiling.

And one can guess, since we are not told which ones, that several of these selected public entities will be on-going money losing enterprises which can only survive by constant injections of new capital even if they have limited or no capacity to repay. Now that the credit ceilings are tightly administered government as guarantor or main borrower can always secure preferred claims to loans, in the money and capital markets.

But beyond the exemption to observe target ceilings given to certain selected public entities what we have at present is a bias in the primary securities market of government offerings or government-backed paper. And several of the government-backed paper are for enterprises that are essentially deadbeat or have limited prospects for near term, or even long term, viability.

Let's look at some facts. While private sector firms are on the run and are being denied additional credit what do we find as far as state-owned companies go? Air Jamaica which had a loss of \$29 million in 1983 and an accumulated loss of nearly \$80 million in the last three years being bailed out by a government that is prepared to guarantee a loan of \$42 million for the company. The loan which has to be obtained in the overseas market is to help the company to honour its commitments that it had undertaken when it leased the air-buses. Now that government guarantee is no different from direct government

debt since there is no way that Air Jamaica will be able to generate the revenues required to overcome its present loss position as well as honour its Airbus commitments.

Repayment of Capital

Or take the case of UDC where the government has recently guaranteed its promissory notes. The organization was recently looking for \$10 million. Again there is no way that UDC will generate the kind of revenues to handle repayment of the capital. But is credit restrained here? No! While UDC picks up its money on the basis of government guarantees what happens to private sector companies which require long-term project financing and which expect the project to be sufficiently viable to repay the debt? Obviously these companies are likely to face not only a situation of limited funds availability but also higher prices since they are competing with the preferred advantages associated with government guarantees.

Then look at National Sugar which recently entered the market for the second time to raise \$15 million. Who cares about its financial prospects? The government guarantee ensures repayment. After all, if it can't come from the organization the taxpayers can always pick up the tab. While all this is taking place government's insatiable demands for funds are manifested in the plethora of local registered stock issues. It's latest offering at 16-1/2% in units as small as \$10 is for an unlimited supply of funds. All this occurring at a time when the private sector is being subject to all sorts of limitation in its search for funding.

Cash Reserve Ratio

But things don't stop here. The government recently increased the cash reserve ratio of the banks from 5% to 10% and the liquid reserve ratio to 40%. This means that large portions of depositors' claims have no interest or attract interest at rates substantially below market prices. As such depositors are penalized as they transfer to government substantial amounts of free or low cost money. The operation of high reserve ratios tends to repress the money markets, especially in an economy such as ours with its exchange controls. It also leads to forced deflection of substantial sums to the government.

No wonder that with the increase of net domestic credit of \$2 billion between January 1982 and November 1983 government accounted for \$1.3 billion of this amount or 65% while the private sector obtained \$700 million. Yet we make claims that this is a market determined, private sector oriented economy.

Scarce Capital

If monetary policies are to be pursued it is much better for the government to lower substantially the reserve requirements and secure its funding at the true price of scarce capital. By contrast England has a cash reserve requirement of 1/2% and a liquidity ratio of around 12-1/2% based entirely on prudential banking practices rather than regulations stipulated by the monetary

authorities. Government should also stop sharing up these money losing statutory bodies with government guarantees and let them secure funds in the marketplace at prices that reflect their risks as well as their interest and asset cover.

A particular weakness in the past which has led us to our upcoming budget crisis is that governments have been able to devise instruments and vehicles, such as government guarantees, high reserve ratios and special deposits to aid them in their drive for relatively easy money at preferred rates. And no doubt in this present environment while the monetary measures will have a negative impact on everyone government has made sure it has first call to satisfy its priority programme.

Half of our problem in the society is that we savage and sacrifice our potentially successful sectors on the altar of forced redistribution. It might be called the policies of appeasement. In this context government tries desperately to satisfy all including rich and poor, urban and rural, young and old. And now that the inability to be all things to all people is finally catching up on government, the real crunch has to some extent been deferred since government still has first call on funds under the new monetary measures. Poor the private sector, just you wait.

Dissatisfaction with Government

Kingston THE DAILY GLEANER in English 21 Mar 84 p 8

[Article by Carl Stone]

[Text]

IN AN ECONOMY in which government has increasingly assumed the role of traffic cop directing and diverting the flow and movement of private sector economic traffic, it is inevitable that conflicts and tensions will exist between those who direct government economic policy, and the private sector interests.

This is especially so when many private sector interests refuse to observe stop signs and red lights, and make it their business to drive without regard for the rules of the road, as defined by the traffic cop.

It is against that background that one has to assess private sector attacks on the JLP government.

Clearly, the attacks, while not saying so explicitly, are directed at the main traffic cop, the Prime Minister.

What are the charges, and how justified are they?

One is first of all struck by the fact that the charges being levelled against Seaga's policies and administrative style are very similar to those that were levelled in the past at Manley's PNP regime

The only difference is that the issue of ideology has been removed from the agenda of contention, since the JLP government is ostensibly pro-private sector in ideology.

The government is being charged with refusing to take the private sector into its confidence in making policies, with failing to listen to the private sector's opinions, and with not giving the private sector a big enough voice in the process by which policies are formulated. Further, the government has been charged with listening to and being counselled by technocrats who know nothing about the workings of the business world, and thereby failing to develop policies which have private sector support.

The result, it is claimed, is that these policies are not anchored on a broad consensus and agreement on priorities between the policy-makers and the private sector. And even more far-reaching consequence is that the policies end in failure, and have to be replaced by equally misconceived alternatives leading a pattern of unpredictable and constant changes in policy measures that become a source of confusion on the economic highway.

To be sure, there has not been any absence of meetings between the Prime Minister and private sector leaders. On the contrary, there is evidence that the consultations between the Prime Minister and the private sector leaders have been frequent and extensive.

Real issue

The real issue, it seems to me, is the contention that private sector opinions and points of view only get a chance to be heard after the policy changes or directions have been decided on by the Prime Minister in consultation with his technocrats.

The private sector, therefore, comes into the picture after the event and, at best, are informed of what is going to happen, and play no role in shaping the policies.

In my view this has been the pattern of decision-making in most areas of government economic policy that relate to the regulatory or traffic cop role of the state in the economy under both Manley's government and Seaga's government. The big question is whether it has any justification.

The reasons for this practice are not hard to locate. In the regulator or traffic cop role the government performs, part of what it is trying to control is the delinquent behaviour of those private sector interests who refuse to observe the rules of the road. In the effort to protect the public interest, it has been quite reasonably assumed by both PNP and JLP governments that those who are breaking rules or refuse to observe the road code, are unlikely to assist in helping to find ways of correcting the very delinquencies they are guilty of.

Let's face it, in the areas of currency irregulari-

ties, illegal importation, over-invoicing, black marketing, and tax evasion, which elected government is likely to believe that private sector interests, who are at the root of the problem, are likely to be able to assist them in coming up with policies, which they have put together to control these delinquent practices in the national interest?

Secondly, regardless of their political ideology, elected public officials believe that most of our private sector interests don't look beyond their selfish and narrow private interests, and are likely to use invitations to participate in public policy formulation as opportunities to bargain on behalf of special interests.

Thirdly, our politicians are not convinced that private sector interests have any real understanding, or grasp of the national policy problems they, as public managers, have to grapple with. In support of this view, they point to the fact that while the private sector will often complain about policies that affect them adversely, over the past decade of economic crisis, private sector voices have been relatively silent as regards coming up with specific policy alternatives to the ones they constantly gripe about, usually from special interest positions.

To the extent that private sector interests continue to reflect these traits, no elected government is likely to give them the access to policy making which they seem to want.

The atmosphere of tension between the government and the private sector is intensified by three contributing factors. The government is presiding over an economic crisis in which any regulatory policies it formulates are inevitably likely to adversely affect some private sector interests in areas such as access to scarce foreign exchange, investment priorities (in the face of a credit squeeze) and access to imports, having regard to the drastic reduction of imports that is now unavoidable.

There are conflicting interests within the private sector; and the government has often to decide which among these competing interests are to be favoured in a situation of increasing scarcity, born of the tight economic realities in the country.

Finally, if the government were to get too close to some big private interests (as is often advocated) in the formulation of policy, other interests in the country (notably labour and small business) and large sections of the private sector who are not represented by the main private sector organisations and have no say in their affairs, would, with good justification, accuse the government of being a hostage of a few "big men".

It is perhaps to the government's credit that this has not happened.

The central issue, it seems to me, is that a crisis of confidence exists on both sides. The private sector has lost faith in the government, and the government does not trust the private sector. Private sector distrust has grown, as government

policies are seen as failing to work or to produce results. Government distrust has grown, as the private sector has used every opportunity to abuse its power and access to information, by breaking the rules and endangering the national interest by exporting currency, illegal imports, black market transactions, and unethical business practices, all of which have inspired greater efforts towards tighter and tighter regulation that results in more skillful attempts to break the rules.

Vicious circle

This is a vicious circle and there is no easy way out.

In its complaints the private sector has, however, presented only one side of the picture, taking advantage of the feeling in the country that the Prime Minister's policies are failing. Clearly there is much more to the issue.

The only way out for the private sector is to begin to tell the government and country what policies we ought to be following in place of those they constantly complain about. Gripping is not enough, nor is it any proof that the private sector has any better prescriptions to offer.

Secondly, the private sector must begin to understand that the government and the people will begin to trust them only when they start observing good business ethics, and show more concern for the national interest as against their own narrow private concerns.

More importantly, only when that begins to happen will the traffic cop's role, that is often so irritating, diminish, and permit a freer flow of traffic on the economic highways.

ECONOMY MEASURES TAKEN ON PUBLICATION OF OFFICIAL GAZETTE

Kingston THE DAILY GLEANER in English 19 Mar 84 p 16

[Text] Approximately \$3/4-million will be saved annually by the Government with the reduction in publication of the Jamaica Gazette from 5,000 to 1,000 copies.

According to the Minister of the Public Service and Social Security, the Hon. Errol Anderson, there was a great deal of wastage of resources in many Government departments, and the situation at the Printing Office was only one which he had identified.

One of the reasons for the wastage, he said, was that the present mailing list had not been updated since the 1950's. As a consequence, many people who had died were still being mailed copies.

Mr. Anderson identified another area of waste as the cost of the Gazette which has "had no significant adjustment in price since the 1960's, resulting in a severe loss to Government annually."

The Minister said that he had sent directives to the Printing Office that a number of steps be taken to remedy the situation by May 1. The steps decided on are: that publication of the Gazette be reduced from 5,000 to 1,000 copies; that the number of persons now receiving free copies be significantly reduced; that arrangements be made that copies of the Gazette be prominently displayed in all Parish Council Offices.

Other steps being taken, the Minister said, were that only a few persons and offices, such as the Governor-General, Ministers, Permanent Secretaries, Heads of Departments, Custodes, Parish Councils, Police Stations, the Jamaica Library Service and the University of the West Indies, should receive free copies; and that the Gazette be increased in price from 8 cents to \$1 for the single copy and the annual subscription from \$3 to \$50.

CSO: 3298/643

NEW HF MARINE RADIO, GENERATOR LINK CAYS TO MAINLAND

Kingston THE DAILY GLEANER in English 23 Mar 84 p 26

[Text] A high frequency marine radio and a stand-by generator valued at over \$6,000 were handed over to fishermen on the Morant Cays on March 9 by the Office of Disaster Preparedness and the Fisheries Department. The equipment will facilitate direct communication links between the mainland and the Cays.

The Honda stand-by generator is one of two donated by Appliance Traders and National Commercial Bank. The other generator and another HF Radio will be handed over to fishermen on the Pedro Cays.

At the presentation, Mr. Henry Robinson, Deputy Director of the Office of Disaster Preparedness, said that direct communication between the Cays and mainland Jamaica would be possible for the first time.

Absence of this link, he said, had been of considerable concern to the Office of disaster Preparedness, the Fisheries Department, the Ministry of Agriculture and the Jamaica Defence Force Coast Guards for many years.

Fishermen on the Cays needed to be warned of an impending hurricane three days beforehand, to allow them to safely collect their fishing equipment and return to the mainland to secure them; and to go to their homes to make the necessary preparations for their families and property.

This was done in the past by the JDF Coast-Guards and carrier vessels.

The communication system would also enable the Coast guard and the Fisheries Division to verify "lost-at-sea" claims, as very often several man-hours were lost searching for missing fishermen who were eventually found on the Cays or at home.

In addition, the authorities could be notified of the presence of pirate fishing vessels and could locate law-breakers hiding on the Cays,. An oil-spill or other marine emergencies off the Cays could also be reported immediately.

Four fishermen on the Cays will be trained by the Fisheries Department and the Jamaica Defence Force Coast Guards to man the equipment, which will be secured in a special enclosure constructed by the Ministry of Agriculture.

The equipment is being set up by the Coast-Guards, which will be responsible for its maintenance a J.I.S. news release said.

AGRICULTURE SHOWS GAINS IN EXPORTS, AVAILABILITY OF CREDIT

Credit Bank Loans

Kingston THE DAILY GLEANER in English 10 Mar 84 p 8

[Text] THE AGRICULTURAL CREDIT BANK has signed loan agreements totalling US\$25 million which will ensure that funding is in place for this year to lend to the 39 People's Co-operative Banks Island-wise.

This was disclosed on Saturday, March 3, by the Managing Director of the ACB, Dr. Keith Roache, in an address to the annual general meeting of the Cornwall County People's Co-operative Bank, at the St. Paul's United Church Hall, Montego Bay, St. James.

Dr. Roache said: "We have signed significant loans with the Inter-American Development Bank to the tune of 25-million U.S. dollars to finance the credit programme for small farmers. We have been negotiating with the USAID for an agro-industrial loan of 17-million dollars to finance a marketing exercise."

The ACB Managing Director noted that small local processors would benefit from the newly-started marketing programme. And, said the ACB Managing Director, the ACB had already financed companies processing condiments. In addition the Agricultural Credit Bank was also pursuing lines of credit through the Caribbean International Development amounting to \$10 million.

Reviewing the success of the repayment of loans by the People's Co-operative Banks to the Agricultural Credit Bank, Dr. Roache said that of the 20-million dollars already disbursed, only \$3,257 was left to be collected.

"We started lending through the P.C. Banks in September 1982, and through the commercial banks in March, 1983. At the end of January 1984 the Agricultural Credit Bank lent to the P.C. Bank system a total of 20-million 675 thousand dollars, which was unprecedented in terms of money lent in that period of time in the history of Jamaican agriculture. We have a commitment to them of 27-million dollars as at the end of January," he said.

"We had projected to lend a total of 59-million dollars for the present financial year ending March, 1984. Based on our commitment to the P.C. Banks, at the present rate of draw-down the ACB will exceed the target to the banks of 23-million dollars by March 31, 1984," Dr. Roache noted.

The Managing Director of the Agricultural Credit Bank announced that this year his institution would be making available \$1.6 million dollars to the Cornwall County People's Co-operative Bank for lending to farmers in the region. This represented an increase of about three-hundred thousand dollars over last year's figure.

However, Dr. Roache noted that although the Cornwall County P.C. Bank had been plagued by financial and management difficulties, which resulted in the bank not being able to hold an annual general meeting in seventeen years, or lend money for three years, the ACB had increased the amount for loans because of the PC Bank's projection to realise a surplus of 21-thousand dollars this year before dividends.

Dr. Roache said he looked forward to the time when each of the Island's People's Co-operative Banks would be lending \$2-million a year to farmers, and he was convinced that this could be done with good management and a commitment by farmers to repay their loans on time.

Crop Achievements

Kingston THE DAILY GLEANER in English 10 Mar 84 p 8

[Text]

FINAL FIGURES now available from the Marketing and Credit Division (MCD) of the Ministry of Agriculture on the "Performance" of traditional export crops during 1983, shows a recovery in this area.

The MCD's data reveal "significant improvement in the production of cocoa, coffee, pimento, tobacco, with marginal increases...recorded for bananas and sugar. Citrus crops were the only ones showing decline in production."

The MCD states that "with the exception of coffee and citrus, all crops recorded reasonable increases in export volume and export earnings from all crops increased in the year 1982/83."

However, export of sugar increased from 134,000 tons in 1982 to 151,000 in 1983 an increase of 13 percent. Export receipts from sugar also increased by 13 percent, moving from J\$88 million to \$99 million.

●**Sugar:** There was a marginal increase of one percent in production of sugar moving from 196,000 tons in 1981/82 to 197,000 tons in 1982/83.

●**Banana:** Exports of banana recorded a slight increase in 1983, increasing from 22,000 tons in 1982 to 24,000 tons in 1983.

Export earnings from banana increased from J\$8 million to J\$12 million.

●**Cocoa:** Production of cocoa in 1982/83 set a net record surpassing the previous high of 1964/65. Cocoa production in 1982/83 was 2,700 tons compared with 1,431 tons in 1981/82 an increase of 89 percent.

As a result, export of cocoa increased by 26 percent to 1,634 tons and earnings from exports increased to J\$8 million (52 percent increase).

●**Coffee:** Production of coffee beans increased from 300,000 boxes in 1981/82 to 400,000 boxes in 1982/83 an increase of 33 percent. The volume of coffee exported fell from 1.88 million lbs. to 1.62 million lbs., whereas proceeds from export sales increased from \$8.5 million to \$9.4 million.

●**Pimento:** Pimento production showed marked improvement in 1982/83 by moving from 1,700 tons last year to 2,708 tons this year.

Exports of pimento increased by 47 percent in volume and 50 per-

cent in value.

●**Citrus:** Production of citrus in 1983 was disappointing. Deliveries to packing and processing plants declined from 933,000 boxes in 1981/82 to 25,000 boxes in 1983.

●**Tobacco:** Tobacco production increased from 500,000 lbs. in 1981/82 to 745,000 lbs. in 1982/83 an increase of 49 percent.

Export earnings from tobacco increased from \$500,000 in 1982 to J\$1.9 million in 1983, giving an increase of 280 percent.

Plea for Import Replacement

Kingston THE DAILY GLEANER in English 21 Mar 84 p 17

[Test]

A call to leaders of the Jamaica Agricultural Society to "go into the parishes and encourage farmers to produce in order to replace those items of food which cannot be imported because of lack of foreign exchange", was made by the President of the Society, Senator Courtney Fletcher, last Wednesday.

Addressing the monthly meeting of the J.A.S. Board of Management in Kingston, Senator Fletcher pointed to the guaranteed prices for fluid milk and chicken meat recently announced by the Government. These increases, he said, were made "with the very obvious intention of giving incentive to producers of these commodities to go ahead and do their very best."

Because of the shortage of foreign exchange, it would not be possible for "anything like the

usual quantities of imported staples of diet to be procured," he added.

He predicted that consumers would be obliged to turn to the domestic equivalents or, if there were no equivalents, to use alternatives that could fit in with the new demand.

"A situation like this means that, on the one hand, increased guaranteed prices are being offered for acknowledged staples produced right here in the island... and incentive is also extended for the production of domestic alternatives to those items for which there are no longer the foreign-exchange resources to import.

"Back in your parishes and various areas of influence, my colleagues, I recommend that you keep a matter like this in close focus and give the maximum possible encouragement and support to efforts to produce.

"Where you find it necessary, you should use your best endeavours to encourage those who are not spontaneously attracted to come in and join with the others."

Senator Fletcher said a ready market existed for such products, and loan funds were available for such enterprises through the People's Co-operative Banks, and through the commercial banks, where larger sums were needed.

Speaking of the traditional export crops, the J.A.S. President said that, with the exception of coffee, pimento and cocoa, there were no others of these crops "giving off signals of providing the foreign exchange our country so very badly needs for its well-being".

Specifically mentioned was cocoa, which had succeeded in doubling its production last year from 1,400 tons of export output to nearly 2,800 tons or twice the volume of its previous output.

The chairman of the

Cocoa Board, the Rev. U.C. Wolfe, who was present at the Board meeting, was congratulated on this achievement.

While there was the need to close the gap in foreign exchange expenditure created by the collapse of the island's traditional exports and by the energy crisis, "there is also the need to save on foreign exchange expenditure by not importing as much as we used to do, while increasing our own food production in replacement of imports," he said.

Gratitude was due, he said, to domestic food producers that, due to their effort so far, hunger had not yet taken hold of the country. But commendable as their effort had been, much more was left to be done.

The J.A.S. President suggested that the island should aim to become self-sufficient in fluid milk and should return to the practice of mixed farming by small and medium farmers, as happened in the old days.

REPORT ON CURRENCY RACKET IN MONTEGO BAY AREA DENIED

Kingston THE DAILY GLEANER in English 15 Mar 84 pp 1, 3

[Text] Following up a report from its Western Bureau, that the police were investigating a possible billion-dollar racket in foreign currency and that two senior bank officials had been held for questioning, the Gleaner was told yesterday that the report was without foundation.

A most authoritative source said that there had been no billion-dollar racket and that no officers of any bank in Montego Bay were held, or has been held, in respect of foreign-exchange irregularities.

According to the report, which was published in the Gleaner on February 25, local police sources stated that they were investigating such a racket in a commercial bank in Montego Bay and that two senior officers of the bank were held for questioning.

Following up the report, the Gleaner was told that the all the papers in the matter have been sent to the Police headquarters in Kingston. Enquiry there at the level of the Acting Commissioner of Police met with the response that information on the matter could only be had from the Minister of National Security and Justice.

One indication that something was not quite right with the report came from the president of the Bankers' Association, Mr. Ron Sasso. Speaking at a public function subsequent to its publication, Mr. Sasso denied that any bank officers had been arrested and scouted the idea of a foreign-exchange racket of that proportion.

However, the Gleaner has since been informed, on reliable authority, that the police have been conducting investigations into illegal foreign-exchange and other rackets, with the thrust on certain individuals outside of the banking system. The use made by such individuals of the banks is being investigated.

The police have also been investigating banks which are alleged to be buying foreign exchange above the rates determined and published by the commercial banks daily.

CARL STONE LOOKS AT FACTORS IN CEMENT PLANT CONTROVERSY

Kingston THE DAILY GLEANER in English 19 Mar 84 p 8

[Article by Carl Stone]

[Text] AS THE fastest growing sector in the economy since 1980, the construction industry is now unfortunately threatened by paralysis due to the squeeze on credit availability for housing financing increasing building costs and more recently by the industrial dispute at the cement company.

After an impressive 5.6 per cent rate of growth over the 1981 to 1983 period which generated more new jobs than any other sector in the economy, construction faces a bleak 1984. Beginning with the devaluation and the large increase in the cost of energy which have escalated building construction costs and the financial pressures on the industry due to the decline in access to financing (by both developers and prospective home-owners) some sudden brakes have been applied to the industry in 1984.

The labour crisis at the cement plant now threatens to bring the industry to a complete standstill with dire implications for the jobs of construction workers islandwide and the financial problems of builders and purchasers of new homes and commercial buildings.

It is perhaps this sense of frustration and desperation which induced the truckers to take the extreme step of a road block to dramatise their plight in the hope of forcing an end to the deadlock at the cement plant.

The closure of the plant seemed inevitable, given the claims of dislocations in production that were said to be accompanying the workers' industrial action. We can only hope that the workers through their union, the BITU, and the management will now proceed to complete their aborted negotiations in good faith and good speed to avert the threatened paralysis of this vital industry.

To be sure, the workers' demands for a large wage increase are entirely reasonable within the context of the recent increases in the cost of living, but reality dictates that such demands have to be tailored to the constraint of the company's ability to pay.

Done Well

Against a background of confused multiple pricing, black marketeering and chaotic distribution, the company has done well in sorting out these problems, streamlining, and rationalising the pricing and distribution systems while achieving impressive growth of output up to 1983.

In spite of this, the country has had to import cement to meet local demand in an economy that is critically short of foreign exchange. Clearly, everything has to be done to facilitate both the resumption of normality at the plant and the smooth development of the plants for plant expansion to achieve self-sufficiency in cement production.

The cement company workers' distrust of both management and the unions which have represented them, make this a very delicate issue to resolve, especially because of the political affiliation between the BITU and the JLP Government.

The workers know that national interest issues are at stake here, and that political pressures are likely to be applied to their BITU representatives to settle for terms that they the workers are likely to see as a sell-out. The BITU leadership, in turn, has to tread warily lest they become casualties of worker-distrust in much the same way as worker-distrust removed the NWU as the bargaining agent for the workers.

The fact that the Prime Minister ordered the closure of the plant is hardly going to help the BITU, in spite of Mr. Beckford's public statement blaming management misinformation to the PM for the closure.

Such are the complexities of our labour relations scene in which emotion and irrationality often take a heavy toll of our ability to settle issues by reference to a set of facts, that ought to be telling both union and workers that a company simply cannot afford to meet their claims fully for a big increase in wages.

A rational and reasoned approach to labour relations tells us that if the union and the management cannot agree on the company's ability to pay, the matter ought to be referred to an expert arbitrator or panel of arbitrators to examine the books and assess the ability-to-pay factor.

Surely that course ought to have been followed before this dispute was allowed to fester into a war of wills and wits at great cost both to the country and to the worker and management interests affected.

But of course, that is not how we conduct labour relations. The workers don't trust either management or their unions, with the result that indisputable facts have to be disputed and issues that can be settled by mutual compromise have to be dragged out into prolonged battles that lead nowhere, but toward disaster for the economy generally, and for the industry affected.

Hurting Badly

Neither the cement company workers nor the construction industry can afford to live with a prolonged closure of the cement plant, while the lack of reason and respect for the facts regarding the company's financial viability get in the way of securing a settlement of this dispute.

The industry is hurting and hurting badly, especially since other pressures have slowed down its momentum of growth. Jobs of construction workers and investments by builders and purchasers are at stake. The fact that the cement company workers chose to engage in a go-slow rather than a strike indicates that they are unwilling to incur the cost of receiving no pay in bringing pressure on management. But they have made their point through the so-called 'work-to-rule' which has inflicted costs on the company; and the time has come for a more reasoned approach by all parties to try to settle this issue.

We hope that reason will prevail, and that steps will be taken to settle the outstanding issues, or to refer them to some third party to arbitrate, while ensuring that the plant is re-opened without delay and normality restored to the flow of cement production.

A country that is in the kind of economic crisis we are facing, cannot afford the luxury of irresponsible actions that paralyse a vital industry.

CSO: 3298/640

GOVERNMENT REPORTS ACCURATE TOURISM FIGURES FOR 1983

Kingston THE DAILY GLEANER in English 19 Mar 84 p 1

[Text] There was a total of 782,436 visitors to Jamaica last year. This represented an increase of 16.7 percent over the number of visitors in 1982.

This has been stated in a letter to the Editor by Mrs. Fay Pickersgill, Director of the Planning, Research and Statistics Department of the Ministry of Tourism, in response to a Listening Post article of Saturday, March 10.

In the article, the Listener had quoted from a reader who had questioned whether the true number of visitors was 750,000 or 566,000, and whether the 750,000 included visitors who were really Jamaicans.

In her letter dated March 14, Mrs. Pickersgill wrote as follows:

"In the issue of the Daily Gleaner of Saturday, March 10, 1984 your column "Listening Post" made reference to a query concerning the number of visitors to Jamaica during 1983.

For clarification let me first state that there were in fact a total of 782,436 visitors to Jamaica last year. The confusion in the mind of your contributor would appear to stem from a lack of knowledge or understanding regarding the categorisation of our visitors. It should be pointed out that visitors are classified in three categories:

(i) Stopovers, i.e. those persons who stay at least one night in the island and who therefore require accommodation

(ii) Cruise Passengers

(iii) Armed Forces, i.e. military personnel on shore leave

Visitors falling within each category last year were as follows:

	Number	% Change
Stopovers	566,151	+ 21.0
Cruise Passengers	209,646	+ 7.8
Armed Forces	6,639	- 17.1

None of the foregoing categories includes persons holding Jamaican citizenship. Jamaicans resident over seas are therefore not included, notwithstanding the fact that many other tourist destinations, among which are numbered some of our Caribbean competitors, include such persons in their statistics. Note should also be taken of the fact that the World Tourism Organisation in their recently published "Guidelines for the Collection and Presentation of International Tourism Statistics" has recommended that nationals of tourist destinations resident overseas should be included as visitors.

It will therefore be seen that Jamaica's definition of "visitors," as currently employed, would, if anything, be an understatement of the number of visitors to the island.

I trust that it will be possible for you to give this letter early and, at least, equal exposure to that given to your contributor's letter."

CSO: 3298/640

BANANA GROWERS HIT GOVERNMENT, THREATEN DEMONSTRATIONS

Kingston THE DAILY GLEANER in English 23 Mar 84 p 1

[Text]

HOPE BAY, Pd., March 22

(From our correspondent):

Banana growers in Portland have declared "war" against the Government over the price increase of 42¢ per pound for bananas, lack of fertilizer, and other matters which have been affecting the banana industry.

This was disclosed by Mr. Sam Lawrence, Director of the All-Island Banana Growers Association, while addressing the monthly meeting of the Portland Area Council of the A.I.B.G.A. at its Board Room in Port Antonio this morning.

Mr. Lawrence told the growers that the Government's offer of 42¢ per pound for bananas is totally impossible and the A.I.B.G.A. had rejected this offer. He went on to say that the price looked good on paper and sounded good on the air, but only 2¢ out of the 42¢ reached the hands of the farmers.

Small banana growers were the one who were feeling the pinch and finding it very hard to survive. Farmers who had to transport their bananas to the boxing plant sometimes cannot even pay for the transportation as 90 per cent of the fruit is rejected.

A resolution was passed urging the A.I.B.G.A. step up its negotiations with the Government over the price.

Mr. Lawrence said that some 30,000 growers would be demonstrating across the island if the Government did not increase the price of bananas for the new financial year.

On fertilizer, he said that the growers have not received any ferti-

lizer for the past four months, and if the growers did not get fertilizer by the end of this month the quality of the bananas will fall way below requirement and production will fall below 20 per cent.

Mr. Lawrence told the farmers that they have to use a barter system with fertilizers and other materials.

He said that because the Banana Company owes some \$28 million to the Jamaica Commodity Trading Company, the company had withheld fertilizers from the growers; and he was now calling on the Government to pay immediate attention to the problem of fertilizer or there will be total collapse in the industry.

Mr. Lawrence said that a quality inspector should be sent from England to select the bananas at the wharf instead of inspecting the bananas when they reach England; and if the bananas were damaged on the way to England it should not be the problem of the growers but instead that of the English authorities.

He also said the A.I.B.G.A. has been having dialogue with the National Commercial Bank about loans for small farmers.

Also speaking at the meeting was Mr. Huntley King who said he had been told that banana operations at Boundbrook Wharf will be shifted to Bowden Wharf in St. Thomas. He said that it was clear that the Government was placing emphasis on two banana farms only: Eastern Banana Company in St. Thomas and George's Plain in Clarendon.

MINISTER OF LABOR DISCUSSES ROLE OF TRADE UNIONS

Kingston THE DAILY GLEANER in English 14 Mar 84 p 3

[Text]

The Minister of Labour, the Hon. J.A.G. Smith, said yesterday that the main objective of trade unions is to promote the interest of their members specifically and workers in general, having due regard for the welfare of the total national labour force, and the national interest.

To achieve this objective, trade unions must provide their officers, delegates and members with continuing training and allocate more resources in workers' education, he said.

Mr. Smith was speaking at the opening of a workshop for Caribbean trade union leaders and educators at the Joint Trade Unions Research Development Centre. The workshop is being sponsored by the Commonwealth Trade Union Council and is being held from March 12 to 16.

Mr. Smith noted that in today's world trade union leaders and educators were required to demonstrate a sound understanding of the modernised industrial and commercial societies and must show a willingness to encourage management to participate in dialogue before, during and after labour contracts.

One does not need to be a genius, he said, to realise that those who lived in developing countries required new strategies in industrial relations if they were to survive in the present world-wide economic situation.

He was therefore happy to see that this workshop was targeted to trade union leaders and educators because if there was ever a time that required inspired leadership and experienced educators in the field of labour relations, it was now.

Noting that the main priority of trade unions was job security for its members, Mr. Smith said that it was

time that trade union leaders educated workers not only to their duties, but to their responsibilities.

Noting also that the present settlement of union claims was based on the perceived ability of the enterprise to pay, Mr. Smith suggested that the cost competitiveness of the enterprise and the ability of the company to provide more jobs should now be seriously addressed by trade union leaders and educators.

This, Mr. Smith said, would require a high degree of leadership and education, the employment of professionals and a willingness to grasp and articulate the result of their studies.

Mr. Smith told the trade union representatives that in promoting the interest of their members, they had a duty to maintain the viability of the undertaking by ensuring co-operation with management in measures to promote efficiency and good industrial relations.

Mr. Smith lauded the past and present leaders of the trade union movement in the Caribbean and urged the younger members to learn from the wealth of experience and knowledge which could be had from talking with the older leaders of the movement.

He said that with the foundation laid by the stalwarts of the Caribbean trade union movement, it was essential that the unions in the region continue to play a vital role in promoting workers' rights. To this end the workshop was one of the vehicles which would facilitate the "passing of the torch without transitional problems".

The workshop was officially opened by Mr. Frank Walcott, General Secretary of the Barbados Workers Union.

CLOSED CEMENT PLANT REMAINS BURNING LABOR ISSUE

Threat of Unrest

Kingston THE DAILY GLEANER in English 29 Mar 84 p 1

[Text] A warning that the prolonged closure of the cement factory might soon lead to widespread industrial unrest involving some 50,000 workers was given by building industry leaders yesterday.

"We would like the nation to understand, and we would like to stress very heavily, that from the feed-back we've been having from our workers, they're actually on the verge of taking things in their own hands. We are issuing this as a warning to the nation," they said.

Calling for immediate resumption of work at the plant to avoid this turn of events were the President of the Masterbuilders Association, Mr. Sydney Delvaille; the President of the Jamaica Developers Association, Mr. Phillip Gore; and the President of the Jamaica Block Manufacturers Association, Mr. Denzil Ferguson.

They met in a joint press conference at the Masterbuilders Association's offices, at which it was disclosed that about 130 building projects have been closed down islandwide; thirty-five of these projects are in the Corporate Area, covering \$150 million in capital outlay.

"Low construction means high crime and this is the lowest that construction has been in recent times," said Mr. Delvaille, commenting on reports of restlessness among building industry workers.

Said Mr. Gore: "I have heard certain rumours of restlessness. I have people coming to my office and say that they're out of work, that they are hungry and would like to get back to work."

Mr. Delvaille said that the three associations viewed with "grave concern" the situation at the cement factory. He added that "the eight weeks of little or no cement" was no longer a matter of a dispute between a few hundred workers and management, it had now assumed national importance.

He listed several categories of people who had been affected by the closure of the factory, noting that many had purchased cement to the extent of over

\$1/4 million while the company was enjoying this use of "this windfall cash."

The loss to the construction industry was nearly \$2.5 million per week and the national loss was \$5 million a week.

As a result of the extreme hardship created by the closure, the likelihood of financial and commercial commitments being met at the end of this month was extremely remote, he said.

Mr. Gore said that developers were recording a loss of \$1/2 million per week in interest charges and overhead costs which were unrecoverable due to the nature of building contracts.

"These losses must be recovered if developers will have to tack on these losses on future contracts which will mean an escalation again of building costs," he said.

Outlining what he said was "what the real crisis is," Mr. Ferguson said: "We cannot afford to sit back and watch this dispute affect the entire nation." He questioned what justification was there to allow the management and 300 workers of a monopoly to hold the industry to ransom.

There were about 300,000 dependents of roughly 50,000 workers affected, he said.

"We don't know what they will do. They're actually saying they're on the verge of taking things in their own hands. We are calling on all the parties concerned to take immediate action now to bring about a resumption at the cement company at all costs," Mr. Ferguson said.

A telegram had been sent to the Minister of Construction, the Hon. Bruce Golding, asking him what was being done in the interim to ease the lack of cement; but there had been no response to date, Mr. Delvaile said.

However, that the Minister had agreed to meet with the Association this morning, he added.

Ministerial Efforts

Kingston THE DAILY GLEANER in English 29 Mar 84 p 1

[Text] The Minister of Labour, the Hon. J.A.G. Smith, has offered to meet this afternoon with the parties to the Cement Company dispute to re-open conciliatory talks, if normality is resumed today.

Mr. Smith met yesterday with representatives of the management of the company and the BITU which represents the hourly-paid workers, to discuss the dispute which has closed the company since March 18.

The Minister suggested a resumption of normality today to enable the conciliatory talks to resume on the wage and fringe benefits issue. The company again insisted that for normality to resume, the workers must remain at their posts at the end of each shift until they are relieved. The union was unable to give an undertaking that the workers would remain at their post until relieved.

Mr. Smith proposed that the workers resume work early today and the Ministry would re-open conciliatory talks in an effort to settle the issue, with the blessing of the Industrial Disputes Tribunal to whom the issue has already been referred. The union has undertaken to hold a workers' meeting today which is expected to be held at its Duke Street offices, at which the Minister's suggestion is to be discussed.

Mr. Smith said that if the workers resumed, he would reconvene the conciliatory talks this afternoon at his Ministry.

The cement plant has been closed since March 18, after unionised hourly-paid workers continued their work-to-rule which includes no overtime work. The company said that workers were leaving their posts without being replaced and it could not resume normal production in the circumstances.

The closure is having serious repercussions in the building and construction, as well as the block-making industry.

Workers' Offer

Kingston THE DAILY GLEANER in English 30 Mar 84 p 1

[Text] The Minister of Labour, the Hon. J.A.G. Smith, was scheduled to meet last night with representatives of the BITU and the management of the Cement Company, at the Ministry in an effort to have the factory re-opened.

The GLEANER understands that at yesterday's workers' meeting the workers agreed to resume and at the end of shifts, when no relief turned up, to inform their supervisor and leave after one hour if no one arrived to relieve them. But this was rejected by the management as inadequate.

The plant has been closed since March 18.

CSO: 3298/691

BRIEFS

SCIENCE, TECHNOLOGY COUNCILS--National Advisory Councils are to be established by the Minister of Science, Technology and Environment to assist in the formulation of policies for that Ministry. In addition, a register of Jamaican scientists and engineers is to be compiled and made available to the public and private sectors to make them aware of the pool of Jamaican expertise which exists. These statements were made by Senator Dr. the Hon. Ronald Irvine, Minister of Science, Technology and Environment, in opening a three-day workshop on the "Status of Jamaican Geology" in the Lecture Hall of the National Library of Jamaica, East Street, Kingston, on March 14. The establishment of these advisory councils, Senator Irvine explained, would enable wide representation and participation of the scientific community in the formulation of policy options and plans by the Government to develop the fields of science, technology and the environment in Jamaica. [Excerpt] [Kingston THE DAILY GLEANER in English 20 Mar 84 p 18]

PNP ON CIVIL SERVICE--Dr. Edwin Jones, PNP spokesman on public service and manpower development: The People's National Party notes with alarm the state of virtual paralysis that has overtaken the Civil Service and Public Administration in general. In many Departments there is a cessation of activity, because they are starved of funds. An equally alarming development, however, is the general sense of bewilderment, confusion, aimlessness and malaise which seem to have now completely enveloped all sections of the state bureaucracy. More and more clients are being affected by this purposeless drift which now seems characteristic of Civil Service action and operations. The People's National Party calls on the Government to effect measures to restore the confidence and sense of purpose among Civil Servants and to revitalize the machinery of Public Administration. [From regular feature "The PNP Says"] [Text] [Kingston THE DAILY GLEANER in English 30 Mar 84 p 2]

CSO: 3298/691

CONTINUOUS VOTER REGISTRATION SYSTEM APPROVED BY GOVERNMENT

Basseterre THE DEMOCRAT in English 24 Mar 84 pp 1, 12

[Text] On April 2nd this year, a modern and people-oriented system of continuous registration of voters will become operational here in the Federation of St. Kitts and Nevis. The new regulations which will enable every qualified person to register as a voter on any day of the year at his or her convenience, are a comprehensive and spectacular answer to a longstanding demand for reform for which the experience of the former system of voter registration under Labour cried out. What is more, for the first time in the history of this country, 18, 19, and 20 year olds will be entitled by virtue of the provisions of the new Independence Constitution, to exercise the fundamental civic right to vote for a progressive and forward-thinking Government of their choice.

In March 1979, following the outbreak of a murderous power struggle within the confused and bewildered Labour Party, there was an unprecedented burst of interest in the once-a-year revision of the voters' lists. Thousands of qualified persons put forward applications for the inclusion of the names and addresses of new voters. These persons were for the most part anxious to play their part in kicking out the corrupt and squabbling Labour Government, which was preventing the smooth transition to full sovereign Independence, and was generally stagnating the development prospects of our beloved country.

However, in 1979, the process of voter registration under Labour was conducted like a war game, in which the end result was all too often the exclusion of hundreds and hundreds of qualified voters, who were thereby deprived of their voting rights until the next revision, twelve (12) months later. Continuous registration is simple, it is all embracing, it is convenient, and it is an every day affair. Why is Labour afraid of it???

CSO: 3298/692

PLP ORGAN HITS U.S. ROLE IN LOCAL MILITARY TRAINING

Castries CRUSADER in English 24 Mar 84 p 1

[Text] "We are ready for the PLP's" American trainer says who, when confronted with a question as to why St. Lucian policemen were being made to train so hard for war, reportedly made the following response: "We have

been training the SSU to get ready for the PLP's". The number of separate reports about this particular statement suggests that it must have been made loud enough for more than one person to hear. The thing is, though, that while many people are expressing surprise and disgust, many still don't realise that whoever made the statement was really speaking the truth.

We aren't much interested in which particular American soldier made the statement. What we are very interested in is making the point that while this will never be officially acknowledged by the Government or other official sources, the real intention of training the SSU is precisely to transform it into an effective military fighting force, to be used that effectively by the ruling UWP Government, to keep itself in power whenever the time comes and the people are mobilised again to get the UWP out of power, as happened in the period leading to 1979.

So we shouldn't be so very surprised if we hear the Americans themselves say that they were training their local trainees to get "ready for the PLP" because the Government itself told us that much, when they announced the beginning of the first of the six-week training courses for the SSU, last December. What else do we think is meant by "preparing the local policemen for any eventual insurgency on the island".

Its just a case of "mouth open: story jump out".

What we can say with all certainty, though, is that now that the Americans have completed their mission and the local

trainees have been transformed into creole prototypes of the characteristic blood-thirsty Yankee Marine, the PLP and other progressive political forces and individuals who stand on the side of liberation can expect the boys to come knocking (and kicking on the doors, anytime from now. Many may still not realise it, but they will be coming sooner than later. We have been warned.. and reminded!

This past week was the last week of the three months spent in St. Lucia by a group of American military specialists, sent by Reagan 's War Department to train a special detachment of local policemen in the tactics and strategies of combating progressive political forces, and preparing for crushing any eventual move in St. Lucia to liberate the people and the country, through means other than those prescribed by Washington.

And in this last week, much came to the fore to show both the real intention of transforming the SSU into an active military force, and the nature of both the trainers and their trainees. As is the case anywhere in the world that American soldiers gather, their last days had to be spent "enjoying themselves". And not surprisingly the grateful local trainees brought their fun-hungry teachers to the village of Gros Islet last weekend, with the hope that they would be able to get them some of the goodies of St. Lucian nightlight up North. But as is also the case in any country where poor and jobless, hungry people see others like themselves

going out of the way to make "outsiders" happy at the expense of the dignity and pride of the local sufferers, there were people in Gros Islet last weekend who didn't approve of the way the drunken American soldiers and some of their St. Lucian students were getting on.

Naturally, there were many verbal reports to the CRUSADER about some of the things that took place, and statements made. Some were expressing shame at the way some of the local trainees were going out of their way to lure young women into not-too-disguised traps that would catch them in bed (or at the nearest convenient place) with the American "teachers". Others referring to the disorderly behaviour of both sets of military officers, and questioned whether these are the sort of examples that Prime Minister Compton wishes to impose on St. Lucia with his all-out embrace of the Americans.

But the most striking and revealing exposure, and the main source of complaint in each case, were the statements attributed to one of the maximum leaders of the American team.

US MILITARY ADVICE

American military training for the security forces of small countries in Latin America and the Caribbean is something which today draws protest from almost all the countries where US Marines have been sent to train local soldiers or policemen. Through such "training" Washington has set up many leading army officers to overthrow governments particularly in Latin America - in places like Chile, Guatemala, the Dominican Republic, and so on.

When Governments started getting sceptical about American training for their armies, Washington started dispatching the Marines in new roles as "advisors".

What is happening in El Salvador today

is clearly showing millions what sort of "advice" the Marines are giving the Salvadoran Army. Today the US Marines are giving both "training" and "advice" to the Salvadoran Army, and together, they both add up to the result shown in the photo: innocent Salvadoran citizens massacred by the US trained Salvadoran Army, and placed for identification by their relatives in one of the areas where the people support the guerilla struggle waged by the FSLN militants. When the relatives identify their dead, they are themselves picked up by the Salvadoran army soldiers, many never to be seen again..

The US sponsored military "training courses" for special police units in the OECS countries have come to an end. Pictures like these force us to ask: what were they trained in, and for what? Times ahead should certainly show...

CSO: 3298/693

BRIEFS

PLANT REOPENING--KINGSTOWN, St. Vincent, March 19 (CANA)--The American electronics company, PICO (St Vincent) Ltd, today re-opened its plant here following a three-week closure brought about by a dispute with a trade union over the dismissal of a worker. About 60 of the company's former 136 workers, mainly women, were back on the job at PICO's Campden Park factory, just outside of Kingstown, the capital. Its re-opening follows week-end talks here between Prime Minister Milton Cato, PICO's management and officials of the Commercial, Technical and Allied Workers Union (CATWU) which was involved in the dispute. Pico had earlier said it would resume operations if it had nothing to do with the CTAWU, but they have now agreed to continue to honour the existing collective agreement in force with the union, and promised to immediately re-employ 90 per cent of their former employees who are members of the union. The company and the union have also agreed to a "cooling off period" in relations until the present agreement expires in May, and have arrived at a procedure for handling any grievances which may arise during that time. PICO, which manufactures "notch filters" for the cable television industry of the United States, began operations here in 1981. [Text] [Kingston THE DAILY GLEANER in English 20 Mar 84 p 7]

CSO: 3298/644

FURTHER CREDITS FOR FOREIGN TRANSACTIONS PROHIBITED BY MINISTER

The Hague ANP NEWS BULLETIN in English 29 Mar 84 pp 2-3

[Text] Paramaribo/The Hague, 29 Mar--The former Dutch colony of Surinam faced deepening financial crisis today, as the interim cabinet placed a ban on credit for foreign transactions.

Trade and Industry Minister Imro Fong Poen wrote to banks on Tuesday to order that no new letters of credit be issued for foreign transactions, banking sources said.

Worried bankers held hours-long emergency meetings over what was described as 'the most serious economic measure so far,' and said that it would bring imports to a virtual halt.

One bank official warned that Surinam was not far from 'economic disruption.'

The sources said essential goods such as oil, machine parts and medical supplies could now no longer be imported, and items like cheese were becoming difficult to buy in shops.

The minister said in a letter to banks that most of Surinam's foreign exchange reserves were already taken up by existing letters of credit.

Hoped Pinned on IMF

The remaining reserves amounted to only about 50 million Surinamese guilders, regarded by experts as the absolute minimum necessary.

The sources said hopes were being pinned on the possibility of a loan from the International Monetary Fund (IMF) to ease the situation. Such a loan would, however, have to go hand in hand with stringent cut-backs, they warned.

Surinam's reserves crisis worsened early this year through a crippling five-week strike in the bauxite industry, which brings in 80 per cent of the country's foreign exchange supplies.

The strike brought down the cabinet of Prime Minister Errol Alibux, which has been replaced by an interim government. The country's trade union movement has called for urgent meetings with Prime Minister Wim Udenhout and Fong Poen to discuss the 'import situation,' local media reports said.

CSO: 3200/18

BRIEFS

NETHERLANDS PUBLICATION FOR SURINAMERS--Paramaribo (SNA)--The Surinamese Embassy in the Netherlands has recently begun publishing a news bulletin called SURINAME, the first number of which appeared on Tuesday, 21 February. In his introduction to the first number, Ambassador Henk Herrenburg writes that the need among Surinamers in the Netherlands for truthful information on events in Suriname has never been so great as now. According to Herrenburg, "This need springs from the fact that a large part of the Netherlands press, along with radio and television, so distorts the news on our country that Surinamers can no longer recognize their country, people, and leaders." Providing for this need has been the reason for creation of this news bulletin, which, according to the embassy, "is being offered in the hope that truthful information on our country will strengthen the patriotism of our compatriots and their hope in the nation's future." At the conclusion of his introduction, the ambassador emphasizes the importance of preserving the personal dignity of Surinamers in the Netherlands, in spite of the humiliations they have had to experience. In this first number, attention is given to, among other matters, the installation of the interim cabinet, the "think tank," and participation of the trade union movement in the government. [Text] [WA191400 Paramaribo DE WARE TIJD in Dutch 7 Mar 84 p 1]

VISIT BY NONRESIDENT JAPANESE AMBASSADOR--Paramaribo DE WARE TLJD in Dutch of 13 March 1984 on page 8 reports that the Nonresident Ambassador of Japan to Suriname, Takeshi Naito, paid a courtesy visit to President L. F. Ramdat Misier, at the Presidential Palace on 12 March. The ambassador is based in Caracas, Venezuela. The Japanese charge d'affaires in Suriname is identified as Tetsujiro Yokozeki. [Editorial Report]

CSO: 3214/32

MEMBERS OF PRODUCTIVITY COUNCIL SIDESTEP CHAIRMANSHIP

Port-of-Spain TRINIDAD GUARDIAN in English 5 Apr 84 p 1

[Text] None of the members of the National Productivity Council (NPC) wants the position as chairman of the Council.

At a meeting of the Council held yesterday afternoon at the Council's offices on the fifth floor of the Salvatori Building to elect a chairman to replace Dr. Ralph Henry who resigned last month, none of the council members was prepared to accept the post, said Joe Pires, vice-president of the Council.

As a result the meeting decided to have Mr. Pires act as interim chairman and Mr. Talbot Paul has been made interim vice-chairman, Mr. Pires told the Press during a break in the meeting.

The new interim chairman also announced a five-member executive committee has been appointed to carry out the functions of the Council. This comprises Mr. Paul, Dr. Neave Beckles, acting director of the Management Development Centre, Dr. Selwyn Ryan, chairman of the Public Utilities Commission (PUC), Mr. Ian Mc Donald and Mr. Bolton Demas.

According to Mr. Pires, managing director of Caribbean Chemicals and Agencies Limited, each member of the Council had his own reason for refusing the chairman's position but the general one was the extent of the duties of the chairman which would interfere with members' other commitments.

Mr. Pires said his new position and that of Mr. Paul and the executive committee will continue until May 31 when it is hoped a permanent solution will be found.

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ONR LEADER HUDSON-PHILLIPS SEES 'CRISIS,' RAPS GOVERNMENT

Port-of-Spain TRINIDAD GUARDIAN in English 5 Apr 84 p 16

[Text] Leader of the Organisation for National Reconstruction, Mr Karl Hudson-Phillips, said on Tuesday night that Trinidad and Tobago was facing perhaps the most critical crisis in its short history.

"You particularly in San Fernando must be feeling the heat more than any other parts of Trinidad and Tobago" he told a large gathering at a public meeting organised by the ONR and held at Irvin Park.

Mr Hudson-Phillips said the situation began 18 months ago when Texaco started to retrench, followed last year by all the big construction projects at Point Lisas, and then all the support service in the petroleum industry started to collapse.

"It is the section of the country that brought all the wealth to Trinidad and Tobago in the last ten years that has been the least rewarded and has got the least out of this Government in the last ten years," he said.

According to Mr Hudson-Phillips, the wealth of the country comes from the south. "It has taken us seven years, still we cannot rebuild Naparima Bowl."

He spoke of the setback in opening the library. "And no talk anymore about the San Fernando Hill," he said.

"The hospital in this Borough is one of the worst run hospitals in the Caribbean. No more talk about the new port that they were going to give San Fernando. No more talk about Southern television. No more talk about the new market you were supposed to get.

Good Listener

"And imagine the Prime Minister of a country coming to a section of the country and saying: 'I am a good listener, I am coming to hear.' As if San Fernando is in some different country. As if it is France or Germany or something. He is a good listener. He is coming to hear."

Mr Hudson-Phillips added: "This Government has succeeded three years since the death of Eric Williams in crippling the country."

In the three years since March 29, 1981, the Government, under the leadership of the present Prime Minister or the absence of leadership, crippled every single sector of the economy.

Petroleum was on the serious decline. Agriculture from a peak in 1973, production in agriculture declined at least 27 per cent in eight years. Natural gas, most valuable resource, was being flared and not properly harnessed.

Trinidad Cement Limited was in a "total mess." The cost of production at that plant after the contract with the Austrian firm was now twice what it cost to produce a bag of cement, not in the United States, but in North Africa.

He spoke of the Iron and Steel Company of Trinidad and Tobago Limited (ISCOTT) which he said had a massive short-term debt with no prospects over the next three years of making a profit.

He said tourism was dead. He spoke of the rise in unemployment. Immediately after the last elections, Government spent a lot of money, inviting everybody except the ONR to a consultation on productivity in Chaguaramas. "One whole week wasting people's time."

Referring to Grenada, Mr Hudson-Phillips said that quite apart the statement by the Minister of Industry and Commerce, Mr Desmond Cartey, that they were pulling out of Caricom "or words to that effect," the Trinidad Government continued to punish the Grenadian citizen who was the only citizen required to have a visa from the Caribbean territories to come to Trinidad and Tobago. The Prime Minister issued a directive to get them out, hound them down.

"Your money in the banks is in peril. Two financial houses have failed already. Before the year is up, at least another two will fail. One bank is on the brink of failing. When that goes, there will be a chain reaction right through.

"The value of your property is falling. You are not getting the work to pay the mortgage instalment. Just now you will not be able to pay for the tea you are getting as the crime rate will escalate and this Government will bring us exactly as Jamaica was brought," he added.

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CHAMBERS, MAHABIR ADDRESS BUSINESSMEN IN SOUTH

Port-of-Spain TRINIDAD GUARDIAN in English 5 Apr 84 p 1

[Article by John Alleyne]

[Text] San Fernando--Trinidad and Tobago can no longer live on oil alone. It cannot. The country has got to earn, not only save, it has got to earn, and this is something which we must all recognise as inescapable.

So said Prime Minister George Chambers yesterday as he addressed the South business community--representatives of the South Trinidad Chamber of Industry and Commerce, the Southern Division of the Trinidad and Tobago Chamber of Industry and Commerce, the Small Business Association and the Small Business Federation--gathered at the Gulf City Auditorium, La Romain, for a luncheon in his honour and at which there were four sector presentations.

These came from Mr Joseph Duverney, Chairman of the Southern Division of the Chamber of Industry and Commerce, on behalf of the private sector organisations; Dr Aleem Mohammed, of the South Trinidad Chamber on behalf of the manufacturing and export sector; Mr Rameshwar Bob Mahabir, South Trinidad Chamber, on the construction industry; and Dr Krishna Persad, South Chamber, on energy and natural resources.

Each indicated how the present economic situation affected his respective area of concern, made suggestions to the Government how it was felt problems could be solved, and each assured Mr Chambers and the Government that the business community was fully prepared to support proposals which they agreed would bring about "the economic revival of the Southland."

Because the presentations raised matters that affected a number of Ministries, Rep Errol Mahabir, Minister of Labour, Social Security and Co-operatives, told the assembly that before the Prime Minister addressed the gathering, there would be some responses from Ministers in whose Ministries matters were raised.

Rep. Ronald Williams, Minister of State Enterprises; Rep. Desmond Cartey, Minister of Industry and Commerce; Rep. Patrick Manning, Minister of Energy and Natural Resources, and Mr Mahabir himself gave some insights into the Government's thinking on some questions, pointing out what their own ministries were doing or had done in one area of activity or another.

All agreed that it was prudent for further talks with the business sector because of their common concern and interest.

Mr Chambers noted that the South Trinidad Chamber provided the "seed" for the Point Lisas development and "if only because of that, you will understand the seriousness with which we will turn our attention to the various points made by your spokesmen." He gave the gathering the assurance that every consideration would be given to the points raised.

Team Spirit

Mr Chambers said one of the very first requirements of the national community was to recognise and accept that "the adjustment is necessary. We cannot escape that. Secondly, we have got to develop and cement the relationship between Government, business and labour, and good team spirit, and in the Government we have already started to do this throughout the tripartite discussion in 1982."

The Prime Minister said that in the prevailing economic situation "there is need for thorough planning." In that regard, he said the President of the Caribbean Development Bank had been brought in to advise the Government on the task ahead.

He referred also to the Regional Economic Planning Commission, the need to review the public service, the need to review the educational system from the standpoint of the type of scientific element required and the direction for the kind of world which would be needed, not for 80's but for the year 2000 as well.

The Prime Minister told the business sector organisations of plans for further development at Point Lisas, expansion of the methanol plant, Tringen Two, the LNG plant which he said would definitely help to bring needed earnings even though at high capital costs.

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NONPARTISAN FACT-FINDING MISSION TO GRENADA WEIGHED

Port-of-Spain TRINIDAD GUARDIAN in English 5 Apr 84 p 1

[Text] Prime Minister George Chambers and Opposition Leader Basdeo Panday have held discussions on the possibility of sending a non-partisan fact-finding mission to Grenada.

This was confirmed by Mr. Panday yesterday. He explained that the mission would go to Grenada to find out exactly what was taking place there and to see "what can be done to assist the Grenada people."

Mr. Panday said the Prime Minister discussed the matter with him one week ago and as far as he was aware, no decision was taken regarding the composition of the mission or the date of departure.

The Opposition Leader said he wanted to make it clear that the matter was "merely discussed."

He said he agreed to participate but he himself would not be a member of the mission and he hoped Mr. Chambers would also not be included in such a non-partisan team.

He said: "We agreed that the fact-finding mission will be a truly non-partisan one made up of members of both the Upper and Lower Houses of Parliament and should include non-politicians led by an impartial person who will be willing to participate."

Mr. Panday said they believed they had a moral duty "to do all in our power to assist our brothers and sisters in Grenada to recover from the tragedy that has befallen them and this is our reason for participating."

Members of the Grenada Interim Government have held talks with the Trinidad and Tobago Government on various forms of assistance to Grenada.

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MINISTER QUERIES VIABILITY OF CARICOM, EYES OTHER MARKETS

Port-of-Spain TRINIDAD GUARDIAN in English 29 Mar 84 p 1

[Text] A Government Minister yesterday questioned the viability of the Caricom (Caribbean Community) Treaty and suggested that Trinidad and Tobago look to extra regional markets for its exports.

Giving the feature address at the annual general meeting of the Trinidad and Tobago Manufacturers Association (TTMA) held at the Trinidad Hilton's Ballroom yesterday, Minister of Industry, Commerce and Consumer Affairs, Mr. Desmond Cartey, appeared to agree with statements made previously by the association on the future of Caricom and its relevance to local manufacturers.

The association had passed resolutions stating that the Caricom Treaty was being abused and local manufacturers and exporters should concentrate on trading with third countries instead of with Caricom partners.

In echoing some of the association's reported remarks, Minister Cartey told the meeting: "It is my contention that a common market system cannot work for the benefit of all parties if certain countries continue to indulge in practices which affect the integrity of the movement." Mr. Cartey had earlier stated that there were many examples of items imported from some of the smaller Caricom countries which were virtually fully assembled and, in some instances, fully labelled as being of Caricom origin and upon examination clearly did not qualify for the description.

According to the Industry Minister, although adverse practices were exclusively a problem with the smaller member states, at least two of the larger territories on which the common market system was projected were no longer viable markets within the meaning of the common market operations.

He noted that for at least five years, one partner had suffered severe balance of payments problems which had affected its ability to pay for goods which it imported and within more recent times had prevented it from importing practically anything at all from the region.

"Its export capability, however, appears not to have been affected at all," the Minister pointed out.

Mr. Cartey added: "We have also watched with dismay the trauma that has overtaken another of the larger members within the past two years especially."

As before, the Minister did not name the member states to which he was referring.

Continuing his assessment of Caricom, Minister Cartey said last year was, to his mind, the most critical one that the regional integration movement had faced since it started in 1967 as the Caribbean Free Trade Area.

He said despite valiant efforts to save the economies of two of the larger Caricom territories, recent successive currency devaluations had eliminated those markets as potential markets for Trinidad and Tobago's exports.

"With all our largest Caricom markets out of commission, local exporters have had to review the search for opportunities in third country markets as well as to share the markets of the smaller territories with third countries and every other Caricom partner," said Minister Cartey.

Viable Levels

He questioned: "Is it any wonder therefore that our own manufacturers have raised questions as to the future viability of the common market arrangement?"

According to the Industry and Commerce Minister, the future of the local industry indicates that there is no hope for its revival based on trading in the Caricom market.

"The solution as far as this country is concerned lies in finding markets outside the region which would enable local producers to achieve viable export levels even, and, where necessary, at the expense of production for the local market," Mr. Cartey told the manufacturers association.

He added that the extent to which that approach was possible was one of the matters which would engage the attention of the newly created Export Development Corporation which has as its chairman Arthur Lok Jack who concluded his term as president of the TTMA at yesterday's annual general meeting.

Mr. Lok Jack has been replaced by Edward Habib of Spartan Industries Limited while the rest of the officers have retained their posts, said Greer Phipps, public relations officer of the association.

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